

Highly Confidential

Comparable Company Analysis

- The comparable company approach to valuation is less satisfactory when applied to the NeighborCare business—the institutional pharmacy enterprise owned by Genesis. For one thing, there are only two public companies for comparison—Omnicare and NCS Healthcare. For another, these two companies differ markedly in profitability and valuation.
- For the trailing twelve months through June 30, 2001, NeighborCare earned an EBITDA margin on sales of 7.5%, almost exactly the mid-point between Omnicare's 12 % and NCS' 4%.
- For the same time period, NeighborCare earned a return on capital of 13.8%, somewhat nearer to Omnicare's 17.4% than NCS' 5.4%.
- While management believes growth lies ahead for NeighborCare, the company is in jeopardy of losing its contract with Mariner, a customer now paying rates substantially higher than the Medicaid reimbursement schedule. This loss of business is estimated to cost Genesis \$13 million of annual cash flow, or more than 15% of NeighborCare's trailing twelve-month EBITDA.
- Omnicare trades at a multiple of 11.7 times EBITDA, while NCS trades at 6.8 times. In view of NeighborCare's lesser profitability and imminent threat to earnings, an Omnicare multiple is inappropriate. But the NCS multiple is also unsatisfactory.
- Our judgment is that NeighborCare would be valued, as an independent company, at a multiple of 9.0 to 9.5 times trailing 12-month EBITDA, or a dollar value of \$762 to \$804 million.

CHILMARK

Merchand Banking

PARTNERS

Highly Confidential

Comparable Company Analysis

Conclusion

Taking into account the relatively clear public market data as to nursing homes and the less clear profile of institutional pharmacies, we believe the comparable company trading approach yields a value for Genesis, NeighborCare and Multicare as follows:

	<u>Low</u>	<u>High</u>
Genesis:		
Long-Term Care Business	\$ 407,000	\$ 624,000
Institutional Pharmacy Business	\$ 762,000	\$ 804,000
Total	\$1,169,000	\$1,428,000
Multicare	\$ 269,000	\$ 416,000
Genesis/Multicare Combined	\$1,438,000	\$1,844,000

CHILMARK

Multicare Pending

PARTNERS

Exhibit C

Highly Confidential

Discounted Cash Flow Analysis

- Under a DCF valuation, estimated future cash flows are discounted back to the present at the Company's weighted average cost of capital.
- We use the Company's business plan, which shows a 4.5% per year (Genesis/Multicare combined) compound growth rate, as a reasonable estimate of future profits. The higher reimbursements for Medicare patients from BIPA, which began in April 2001, are only legislated to continue until September 2002. The Company, however, assumes they will continue indefinitely. This assumption makes the plan estimates somewhat optimistic.
- The Cost of Capital is derived below, and we estimate it to be between 9% and 11%.
- DCF analysis then applies "exit multiples" to the final year's cash flow to establish a terminal value, which is then discounted back to the present.
- For both Genesis and Multicare, however, this approach to valuing the future is arguably too optimistic. Neither company earns, in its business plan, a return on invested capital equal to or greater than the cost of capital. For companies of this type, value is reduced as capital is added. We therefore believe the exit multiple should be on the low end of the range of trading multiples for public nursing home companies, and use 6.5x.
- The DCF calculation for the combined company yields a value of \$1.46 billion.

CHILMARK
Member Since 1998
PARTNERS

Highly Confidential

Discounted Cash Flow Analysis Projections

	Forecast FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	CAGR 2001-2006
GENESIS HEALTH VENTURES STANDALONE							
Revenue	\$ 2,039.8	\$ 2,126.7	\$ 2,225.3	\$ 2,349.1	\$ 2,476.0	\$ 2,610.7	5.1%
EBITDA	\$ 158.4	\$ 170.4	\$ 174.9	\$ 182.3	\$ 189.7	\$ 197.4	4.5%
Less: Taxes	(46.8)	(47.1)	(47.1)	(48.4)	(49.2)	(51.0)	
Less: Capital Expenditures	(41.8)	(41.7)	(41.7)	(43.6)	(47.7)	(49.8)	
Less: Working Capital Funding	(21.2)	(19.1)	(19.1)	(25.0)	(28.1)	(28.5)	
Free Cash Flow	\$ 60.5	\$ 63.0	\$ 63.0	\$ 61.2	\$ 64.2	\$ 68.1	
Depreciation	\$ 45.1	\$ 48.8	\$ 51.5	\$ 56.5	\$ 60.7	\$ 65.0	
NOPAT (net operating profit after taxes)	\$ 69.7	\$ 74.8	\$ 75.2	\$ 77.4	\$ 79.3	\$ 81.4	3.2%
After-Tax Return on Capital (NOPAT / Avg. Capital)	6.0%	6.3%	6.2%	6.3%	6.3%	6.3%	
38.5% of EBITDA							
Capital	\$ 453.7	\$ 469.0	\$ 488.0	\$ 514.0	\$ 541.5	\$ 570.7	
Accounts receivable	70.0	73.8	78.6	84.3	90.4	97.0	
Inventory	63.3	70.4	73.8	77.8	82.0	86.4	
Other current assets	591.2	613.2	640.4	676.1	713.9	754.1	
Total	538.5	531.6	522.7	511.8	498.8	483.6	
Net fixed assets	223.1	232.3	243.0	255.6	268.9	283.1	
Other long-term assets (excluding intangibles)	1,352.8	1,377.1	1,406.1	1,443.5	1,481.6	1,520.8	
CAPITAL ASSETS							
Less:	47.6	47.1	52.8	59.7	66.9	74.8	
Accounts payable	135.1	136.3	138.7	142.5	145.0	148.8	
Accrued liabilities and other current liabilities	\$ 1,170.1	\$ 1,193.7	\$ 1,214.6	\$ 1,241.3	\$ 1,269.7	\$ 1,297.2	
CAPITAL	\$ 1,170.1	\$ 1,181.9	\$ 1,204.2	\$ 1,228.0	\$ 1,255.5	\$ 1,283.5	
Average Capital							
CHILMARK							
PARTNERS							

Highly Confidential

Discounted Cash Flow Analysis Projections

Forecast FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	CAGR 2001-2006
--------------------	--------	--------	--------	--------	--------	-------------------

Summary Projections for presented by CSFB

THE MULTICARE COMPANIES

Revenue	\$ 641.8	\$ 670.1	\$ 690.3	\$ 711.5	\$ 733.1	\$ 755.3	1.3%
EBITDA	\$ 56.0	\$ 59.4	\$ 63.3	\$ 65.2	\$ 67.3	\$ 69.5	4.4%
Less: Taxes		(14.5)	(16.0)	(16.7)	(17.4)	(18.2)	
Less: Capital Expenditures		(10.4)	(10.8)	(11.2)	(11.7)	(12.2)	
Less: Working Capital Funding		2.2	2.2	2.1	2.2	2.1	
Free Cash Flow	\$ 36.6	\$ 38.7	\$ 39.5	\$ 39.4	\$ 40.4	\$ 41.4	
Depreciation	\$ 21.5	\$ 21.6	\$ 21.8	\$ 21.9	\$ 22.1	\$ 22.2	
NOPAT (net operating profit after taxes)	\$ 21.2	\$ 23.2	\$ 25.5	\$ 26.6	\$ 27.8	\$ 29.1	6.5%
After-Tax Return on Capital (NOPAT / Avg. Capital)	5.1%	5.7%	6.5%	7.0%	7.6%	8.2%	

34.5% of EBITA

Capital

Accounts receivable
Inventory
Other current assets
Total

\$ 110.6	\$ 111.9	\$ 115.3	\$ 118.8	\$ 122.4	\$ 126.1
18.4	18.8	19.3	19.9	20.5	21.1
129.0	130.7	134.6	138.7	142.9	147.2

Net fixed assets

Other long-term assets (excluding intangibles)

479.7	468.5	457.5	446.9	436.5	426.4
-------	-------	-------	-------	-------	-------

CAPITAL ASSETS

Less:
Accounts payable
Accrued liabilities and other current liabilities

608.7	599.2	592.1	585.6	579.4	573.6
195.3	199.2	205.3	211.5	217.9	224.5
413.4	400.0	386.8	374.1	361.5	349.1
413.4	406.7	391.4	380.5	367.8	355.3

CAPITAL
Average Capital

CHILMARK

After-Tax Bookings

PARTNERS

Highly Confidential

Discounted Cash Flow Analysis Projections

GENESIS HEALTH VENTURES CONSOLIDATED

GENESIS HEALTH VENTURES CONSOLIDATED							
	Forecast FY2001	Company Projections (as presented by UBS)				CAGR 2001-2006	
	FY2001	FY2003	FY2004	FY2005	FY2006		
Revenue	\$ 2,345.4	\$ 2,660.7	\$ 2,783.7	\$ 2,924.5	\$ 3,073.1	\$ 3,229.9	4.9%
EBITDA	\$ 214.5	\$ 229.7	\$ 238.2	\$ 247.5	\$ 257.1	\$ 266.9	4.5%
Less: Taxes		(61.2)	(63.1)	(65.1)	(67.1)	(69.1)	
Less: Capital Expenditures		(52.2)	(54.5)	(56.8)	(59.4)	(62.0)	
Less: Working Capital Funding		(20.0)	(17.8)	(24.2)	(25.8)	(28.5)	
Free Cash Flow		\$ 96.2	\$ 102.8	\$ 101.4	\$ 104.8	\$ 107.2	
Depreciation	\$ 66.6	\$ 70.4	\$ 74.3	\$ 78.4	\$ 82.8	\$ 87.3	
NOPAT (net operating profit after taxes)	\$ 91.0	\$ 98.0	\$ 100.8	\$ 104.0	\$ 107.2	\$ 110.5	4.0%
After-Tax Return on Capital (NOPAT / Ave. Capital)	5.7%	6.1%	6.3%	6.4%	6.6%	6.7%	

38.5% of EBITDA

Capital

Accounts receivable	\$ 502.6	\$ 516.7	\$ 536.5	\$ 563.4	\$ 591.7	\$ 621.7
Inventory	70.0	73.8	78.6	84.3	90.4	97.0
Other current assets	85.9	89.2	93.1	97.7	102.5	107.6
Total	658.5	679.7	708.2	745.4	784.6	826.3
Net fixed assets	1,068.7	1,050.5	1,030.6	1,009.0	985.7	960.5
Other long-term assets (excluding intangibles)	167.1	170.0	176.4	184.4	193.0	202.2
CAPITAL ASSETS	1,894.3	1,900.2	1,915.2	1,938.8	1,963.3	1,989.0
Less:						
Accounts payable	63.4	62.1	67.5	73.8	81.6	87.8
Accrued liabilities and other current liabilities	229.0	231.5	236.8	243.5	249.1	256.0
CAPITAL	\$ 1,601.9	\$ 1,606.6	\$ 1,610.9	\$ 1,621.5	\$ 1,632.6	\$ 1,645.2
Average Capital	\$ 1,601.9	\$ 1,604.3	\$ 1,608.8	\$ 1,616.2	\$ 1,627.1	\$ 1,638.9

CHILMARK

After-Tax Funding

PARTNERS

Highly Confidential

Discounted Cash Flow Analysis Weighted Average Cost of Capital

	Pre Forma Capitalization	Rate of Return		Tax Rate	Weighted Average Cost of Capital	
		Low	High		Low	High
GENESIS HEALTH VENTURES STANDALONE						
Debt	\$ 440.0	39.1%	8.1%	38.5%	5.0%	5.0%
Equity	685.0	60.9%	15.0%	(1)	12.0%	15.0%
Total	\$ 1,125.0				9.2%	11.1%
THE MULTICARE COMPANIES						
Debt	\$ 184.0	49.1%	8.6%	38.5%	5.3%	5.3%
Equity	191.0	50.9%	15.0%	(1)	12.0%	15.0%
Total	\$ 375.0				8.7%	10.2%
GENESIS HEALTH VENTURES CONSOLIDATED						
Debt	\$ 624.0	41.6%	8.2%	38.5%	5.1%	5.1%
Equity	876.0	58.4%	15.0%	(1)	12.0%	15.0%
Total	\$ 1,500.0				9.1%	10.9%

(1) Represents the standard range of equity returns for publicly traded companies.

CHILMARK

Mortgage Banking

PARTNERS

Highly Confidential

Discounted Cash Flow Analysis Genesis Health Ventures Standalone

TERMINAL VALUE (present value)

	Capitalized NOPAT*			EBITDA Multiple		
	9.0%	10.0%	11.0%	6.5x	7.5x	8.5x
Future Value (end of fiscal 2006)	\$ 904.7	\$ 814.3	\$ 740.2	\$ 1,283.1	\$ 1,480.5	\$ 1,677.9
DISCOUNT RATE	\$ 588.0			\$ 833.9	\$ 962.2	\$ 1,090.5
		\$ 505.6		\$ 796.7	\$ 919.3	\$ 1,041.8
			\$ 439.3	\$ 761.5	\$ 878.6	\$ 995.8

VALUE OF FREE CASH FLOW (present value)

Discount Rate		
9.0%	10.0%	11.0%
\$ 248.8	\$ 242.4	\$ 236.3

ENTERPRISE VALUE

	Terminal Capitalized NOPAT*			Terminal EBITDA Multiple		
	9.0%	10.0%	11.0%	6.5x	7.5x	8.5x
DISCOUNT	9.0%	\$ 836.9		\$ 1,082.8	\$ 1,211.1	\$ 1,339.4
RATE	10.0%	\$ 748.0		\$ 1,039.1	\$ 1,161.7	\$ 1,284.3
	11.0%		\$ 675.6	\$ 997.7	\$ 1,114.9	\$ 1,232.0

* Represents net operating profit after taxes

CHILMARK

Member Bank

PARTNERS

Highly Confidential

Discounted Cash Flow Analysis The Multicare Companies

TERMINAL VALUE (present value)			
	Capitalized NOPAT*		EBITDA Multiple
	9.0%	10.0%	11.0%
Future Value (end of fiscal 2006)	\$ 323.2	\$ 290.9	\$ 264.5
DISCOUNT RATE	9.0%	\$ 210.1	
	10.0%	\$ 180.6	
	11.0%	\$ 156.9	

VALUE OF FREE CASH FLOW (present value)

Discount Rate	
9.0%	10.0%
\$ 152.2	\$ 148.2
	\$ 144.4

ENTERPRISE VALUE

	Terminal Capitalized NOPAT*		Terminal EBITDA Multiple	
	9.0%	10.0%	11.0%	
DISCOUNT RATE	9.0%	\$ 362.2		
	10.0%	\$ 328.9		
	11.0%	\$ 301.4		
			\$ 445.8	\$ 536.1
			\$ 428.7	\$ 515.0
			\$ 412.5	\$ 495.0

* Represents net operating profit after taxes

CHILMARK
Meridian Building

PARTNERS

Highly Confidential

Discounted Cash Flow Analysis Genesis & Multicare Combined

TERMINAL VALUE (present value)		Capitalized NOPAT*			EBITDA Multiple		
		9.0%	10.0%	11.0%	6.5x	7.5x	8.5x
Future Value (end of fiscal 2006)		\$ 1,227.3	\$ 1,104.5	\$ 1,004.1	\$ 1,734.9	\$ 2,001.8	\$ 2,268.7
DISCOUNT RATE	9.0%	\$ 797.6			\$ 1,127.5	\$ 1,301.0	\$ 1,474.5
	10.0%		\$ 685.8		\$ 1,077.2	\$ 1,242.9	\$ 1,408.7
	11.0%			\$ 595.9	\$ 1,029.5	\$ 1,187.9	\$ 1,346.3

VALUE OF FREE CASH FLOW (present value)

Discount Rate	
9.0%	\$ 396.9
10.0%	\$ 386.7
11.0%	\$ 376.8

ENTERPRISE VALUE

DISCOUNT RATE	Terminal Capitalized NOPAT*			Terminal EBITDA Multiple		
	9.0%	10.0%	11.0%	6.5x	7.5x	8.5x
9.0%	\$ 1,194.6			\$ 1,524.5	\$ 1,697.9	\$ 1,871.4
10.0%		\$ 1,072.5		\$ 1,461.9	\$ 1,629.6	\$ 1,795.3
11.0%			\$ 972.7	\$ 1,406.4	\$ 1,564.8	\$ 1,723.2

* Represents net operating profit after taxes

CHILMARK

Member of Genesis

PARTNERS

Exhibit D

Highly Confidential

Current Market Pricing Valuation

- Traditionally, Bankruptcy Courts have disfavored valuations based on market trading levels for the liabilities of companies in Chapter 11. The view has been that bankruptcy creates a taint on a company, and that resulting prices are unreliable.
- Nonetheless, Genesis/Multicare presents an interesting case for reconsidering that approach. The liabilities are large, hundreds of millions of dollars have been invested in post-Chapter 11 trading in those liabilities, and a Plan and Disclosure Statement are on file. In any other financial market, prevailing market prices against similar facts would be at least noted.
- Valuing the debtors according to the trading value of those liabilities produces a value for Genesis of \$1.25 billion, a value for Multicare of \$414 million, and a combined company enterprise value of \$1.66 billion.

CHILMARK

Forehand Harding

PARTNERS

Highly Confidential

Current Market Pricing Valuation

	Claim Amount	Market Price	Market Value
GENESIS			
Priority/Administrative Claims	\$ 225,000	100.0	\$ 225,000
Other Secured Claims	120,077	100.0	120,077
Senior Lender Claims	1,109,481	76.5 [1]	848,753
General Unsecured Claims	80,069	11.0	8,808
Senior Subordinated Claims	387,425	11.0 [2]	42,617
Total	\$ 1,922,052		\$ 1,245,254

June 2001 LTM EBITDA
Valuation Multiple

\$ 158,000
7.9x

	Claim Amount	Market Price	Market Value
MULTICARE			
Priority/Administrative Claims	\$ 10,000	103.0	\$ 10,000
Other Secured Claims	26,318	100.0	26,318
Senior Lender Claims	443,400	82.0 [1]	363,588
General Unsecured Claims	26,439	5.0	1,322
Senior Subordinated Claims	257,817	5.0 [2]	12,891
Total	\$ 763,974		\$ 414,119

June 2001 LTM EBITDA
Valuation Multiple

\$ 49,000
8.5x

* Represents the currently outstanding face amount of prepetition debt, excluding the \$40.0 million Tranche II loan that was repaid as part of postpetition adequate protection payments. Prepetition interest (\$44.0 million) and postpetition interest (\$12.0 million) have been paid as part of the adequate protection payments.

[1] Pricing from Deutsche Bank as of August 21, 2001.

[2] Pricing from Imperial Capital as of August 21, 2001.

CHEILMARK

Member Bank

PARTNERS

Highly Confidential

Current Market Pricing Valuation

GENESIS/MULTICARE COMBINED

Priority/Administrative Claims
 Other Secured Claims
 Senior Lender Claims
 General Unsecured Claims
 Senior Subordinated Claims
 Total

June 2001 LTM EBITDA
 Valuation Multiple

Claim Amount	Market Value
\$ 235,000	\$ 235,000
146,395	146,395
1,552,881	1,212,341
106,508	10,130
645,242	55,508
<u>\$ 2,686,026</u>	<u>\$ 1,659,373</u>
	\$ 207,000
	8.0x

CHILMARK

Marked Selling

PARTNERS

Exhibit E

Highly Confidential

Impact of Valuation Range on Creditor Recoveries

- Recognizing that market valuations of nursing home companies and institutional pharmacies have risen in the past year, and that a challenge to confirmation based on valuation has been filed, we have prepared the following recovery summaries using three different valuation levels: Conservative – the low end of our valuation range, Most Likely – our view of the fair valuation of the Company as a whole, and Optimistic – the high end of our valuation range.

CHILMARK

Merchandise

PARTNERS

Highly Confidential

**GENESIS HEALTH VENTURES
PLAN OF REORGANIZATION
Recoveries - Conservative**

Unaffiliated/Unaffiliated Combined Value - Conservative	\$ 1,431,000
Unaffiliated/Unaffiliated Combined Value - Conservative	\$ 10.11

GENESIS HEALTH VENTURES

Class	Amount	Adoptive Proportion	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value [1]	Recovery	Total	Recovery
Priority/Administrative Claims	\$ 125,000	\$ -	\$ -	0.0%	\$ 215,000	100.0%	\$ -	0.0%	-	\$ -	-	\$ 125,000	100.0%
CLASS Q1 - Other Secured Claims	120,077	-	-	0.0%	120,077	100.0%	-	0.0%	-	-	-	120,077	100.0%
CLASS Q2 - Senior Lender Claims	1,109,611	112,000	-	10.1%	94,933	8.6%	31,000	2.8%	38,433	3.4%	573,564	51.7%	21.7%
CLASS Q3 - General Unsecured Claims	80,000	-	-	0.0%	-	-	-	0.0%	319	0.0%	5,437	4.8%	4.8%
CLASS Q4 - General Unsecured Claims	372,425	-	-	0.0%	-	-	-	0.0%	1,000	0.0%	26,340	4.0%	4.0%
CLASS Q5 - Senior Subordinated Claims	1,932,981	112,000	-	5.8%	-	-	31,000	1.4%	32,174	2.3%	603,343	31.5%	61.2%
TOTAL													

THE MULTICARE COMPANIES

Class	Amount	Adoptive Proportion	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value [1]	Recovery	Total	Recovery
Priority/Administrative Claims	\$ 18,000	\$ -	\$ -	0.0%	\$ 18,000	100.0%	\$ -	0.0%	-	\$ -	-	\$ 18,000	100.0%
CLASS M1 - Other Secured Claims	26,318	-	-	0.0%	26,318	100.0%	-	0.0%	-	-	-	26,318	100.0%
CLASS M2 - Senior Lender Claims	410,400	25,000	25,000	6.1%	17,482	4.3%	11,000	2.7%	7,793	1.9%	14,735	3.6%	3.6%
CLASS M3 - General Unsecured Claims	28,499	-	-	0.0%	-	-	-	0.0%	94	0.0%	1,886	4.9%	4.9%
CLASS M4 - General Unsecured Claims	252,817	-	-	0.0%	-	-	-	0.0%	931	0.0%	12,816	4.8%	4.8%
CLASS M5 - Senior Subordinated Claims	263,976	112,000	25,000	4.3%	134,000	24.1%	11,000	1.9%	8,208	1.7%	146,031	21.7%	30.4%
TOTAL													

GENESIS/MULTICARE COMBINED

Class	Amount	Adoptive Proportion	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value [1]	Recovery	Total	Recovery
Priority/Administrative Claims	\$ 373,000	\$ -	\$ -	0.0%	\$ 233,000	100.0%	\$ -	0.0%	-	\$ -	-	\$ 373,000	100.0%
CLASS Q1/M1 - Other Secured Claims	146,395	-	-	0.0%	146,395	100.0%	-	0.0%	-	-	-	146,395	100.0%
CLASS Q2/M2 - Senior Lender Claims	1,532,881	112,000	25,000	1.6%	247,483	16.1%	42,000	2.7%	31,244	2.0%	713,399	46.5%	21.4%
CLASS Q3/M3 - General Unsecured Claims	106,501	-	-	0.0%	-	-	-	0.0%	385	0.0%	7,396	6.9%	6.9%
CLASS Q4/M4 - General Unsecured Claims	645,412	-	-	0.0%	-	-	-	0.0%	2,331	0.0%	43,357	4.8%	4.8%
CLASS Q5/M5 - Senior Subordinated Claims	2,616,026	112,000	25,000	4.3%	624,000	23.8%	42,000	1.6%	41,600	4.5%	1,116,000	28.7%	32.6%
TOTAL													

Includes General Unsecured
claims and distribution
protection payments and Advances

* Warrant Exercise Price (under the plan) \$ 20.33
 [1] Represents the value of the common stock after the value of the warrants; overall value represents value per share less exercise price and does not include a warrant premium.
 [2] Amount excludes proportion interest (\$44.8 million) and the Trusts (11.1 million) which were paid as part of adequate protection payments including these amounts, the total proportion claims are \$7,193.5 million.
 [3] Recovery includes \$54.0 million of cash received as part of adequate protection payments for proportion interest (\$44.8 million) and the Trusts (11.1 million); including these payments, the recovery is 75.0% without interest. The \$14.3 million received by Class Q3 would be subject to concurrent subordination.

CHILMARK

Meridian Banking

PARTNERS

Highly Confidential

**GENESIS HEALTH VENTURES
PLAN OF REORGANIZATION
Recoveries - Most Likely**

Debt/Preferred Combined Valueless - Most Likely	\$ 1,641,000
Implied Stock Price (under the plan)	\$ 23.42

GENESIS HEALTH VENTURES

	Chin Amount	Adequate Protection	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value [1]	Recovery	Total	Recovery
Priority/Administrative Claims	\$ 225,000	\$ -	\$ -	0.0%	\$ 225,000	100.0%	\$ -	0.0%	-	-	0.0%	\$ 225,000	100.0%
CLASS G1 - Other Secured Claims	128,977	-	-	0.0%	128,977	100.0%	-	0.0%	-	-	0.0%	128,977	100.0%
CLASS G2 - Senior Lender Claims	1,109,461 [2]	112,000	-	10.1%	94,923	8.6%	31,000	2.8%	30,483	714,821	64.4%	951,944	43.9%
CLASS G3 - General Unsecured Claims	10,069	-	-	0.0%	-	-	-	0.0%	299	406	0.2%	8,373	10.3%
CLASS G4 - Senior Subordinated Claims	357,423	-	-	0.0%	-	-	-	0.0%	1,400	2,338	0.0%	46,931	10.3%
TOTAL	\$ 1,822,853	\$ 112,000	\$ -	3.0%	\$ 440,000	22.5%	\$ 31,000	1.6%	32,174	2,036	0.2%	\$ 1,343,350	70.0%

THIS MULTICURE COMPANIES

	Chin Amount	Adequate Protection	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value [1]	Recovery	Total	Recovery
Priority/Administrative Claims	\$ 10,000	\$ -	\$ -	0.0%	\$ 10,000	100.0%	\$ -	0.0%	-	-	0.0%	\$ 10,000	100.0%
CLASS M1 - Other Secured Claims	24,318	-	-	0.0%	24,318	100.0%	-	0.0%	-	-	0.0%	24,318	100.0%
CLASS M2 - Senior Lender Claims	443,400	-	23,000	5.2%	147,482	33.3%	11,600	2.6%	7,799	182,668	41.2%	346,590	42.0%
CLASS M3 - General Unsecured Claims	28,419	-	-	0.0%	-	-	-	0.0%	96	148	0.2%	2,743	10.0%
CLASS M4 - Senior Subordinated Claims	257,117	-	-	0.0%	-	-	-	0.0%	931	1,543	0.0%	38,037	10.3%
TOTAL	\$ 763,996	\$ 112,000	\$ 23,000	3.3%	\$ 181,000	24.1%	\$ 11,600	1.5%	8,826	1,733	0.2%	\$ 437,550	57.0%

GENESIS MULTICURE COMBINED

	Chin Amount	Adequate Protection	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value [1]	Recovery	Total	Recovery
Priority/Administrative Claims	\$ 235,000	\$ -	\$ -	0.0%	\$ 235,000	100.0%	\$ -	0.0%	-	-	0.0%	\$ 235,000	100.0%
CLASS G1/M1 - Other Secured Claims	146,393	-	-	0.0%	146,393	100.0%	-	0.0%	-	-	0.0%	146,393	100.0%
CLASS G2/M2 - Senior Lender Claims	1,572,111	112,000	23,000	7.2%	242,482	15.4%	41,600	2.6%	30,314	944,819	32.2%	1,311,314	44.0%
CLASS G3/M3 - General Unsecured Claims	106,508	-	-	0.0%	-	-	-	0.0%	305	446	0.2%	11,215	10.3%
CLASS G4/M4 - Senior Subordinated Claims	945,243	-	-	0.0%	-	-	-	0.0%	2,251	3,913	0.0%	46,596	10.3%
TOTAL	\$ 2,866,255	\$ 112,000	\$ 23,000	4.2%	\$ 434,000	15.1%	\$ 43,200	1.6%	41,000	4,359	0.2%	\$ 1,772,000	61.5%

Includes Genesis' adequate
protection payments and Multicure
secured cash distribution

* Warrant Exercise Price (under the plan) \$ 20.33
[1] Represents the value of the warrants and plan the value of the warrants represents value per share less exercise price and does not include a warrant premium.
[2] Amount estimates proportion interest (\$44.0 million) and the Trenches II loan (\$40.0 million) which were paid as part of adequate protection payments for proportion interest. The total proportion claims are \$1,093.3 million.
[3] Recovery includes \$44.0 million of cash received as part of adequate protection payments for proportion interest (\$44.0 million) and the Trenches II loan payoff (\$40.0 million). Including these payments, the recovery is \$5.1%, without interest. The \$40.1 million received by Class G3 would be subject to contractual subordination.

CHILMARK
Healthcare Financing
PARTNERS

Highly Confidential

**GENESIS HEALTH VENTURES
PLAN OF REORGANIZATION
Recovery - Optimalistic**

GenesHealthCare Combined Value - Optimalistic	\$ 1,344,000
Implied Stock Price (under the plan)	\$ 31.48

GENESIS HEALTH VENTURES

	Claims Amount	Adequate Protection	Cash	Recovery	Old	Recovery	Preferred Stock	Recovery	Equity Warrants	Value II	Recovery	Total Recovery
Priority/Administrative Claims	\$ 231,000	\$ -	\$ -	0.0%	\$ 231,000	100.0%	\$ -	0.0%	-	\$ -	0.0%	\$ 231,000
CLASS G1 - Other Secured Claims	170,077	-	-	0.0%	170,077	100.0%	-	0.0%	-	-	0.0%	170,077
CLASS G2 - Senior Lender Claims	1,096,411 [1]	112,000	01	10.2%	94,923	8.6%	31,000	2.8%	38,453	649,353	78.0%	1,087,778
CLASS G3 - General Unsecured Claims	30,949	-	-	0.0%	-	0.0%	-	0.0%	289	456	11,723	11,723
CLASS G4 - Senior Subordinated Claims	317,423	-	-	0.0%	-	0.0%	-	0.0%	1,400	2,390	56,756	56,756
CLASS G5 - Senior Subordinated Claims	\$ 1,922,051	\$ 112,000	\$ -	5.8%	\$ 440,000	21.3%	\$ 31,000	1.6%	31,774	1,835	\$ 310,348	\$ 478,614
TOTAL												

THE MULTICARE COMPANIES

	Claims Amount	Adequate Protection	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value II	Recovery	Total Recovery
Priority/Administrative Claims	\$ 19,000	\$ -	\$ -	0.0%	\$ 19,000	100.0%	\$ -	0.0%	-	\$ -	0.0%	\$ 19,000
CLASS M1 - Other Secured Claims	26,318	-	-	0.0%	26,318	100.0%	-	0.0%	-	-	0.0%	26,318
CLASS M2 - Senior Lender Claims	443,100	-	21,000	4.7%	147,632	33.3%	11,400	2.6%	7,799	311,419	49.0%	401,701
CLASS M3 - General Unsecured Claims	74,039	-	-	0.0%	-	0.0%	-	0.0%	96	160	3,884	3,884
CLASS M4 - Senior Subordinated Claims	317,217	-	-	0.0%	-	0.0%	-	0.0%	431	1,363	37,231	37,231
CLASS M5 - Senior Subordinated Claims	\$ 763,974	\$ 112,000	\$ 23,000	1.5%	\$ 184,000	24.7%	\$ 11,400	1.5%	8,816	1,733	\$ 230,834	\$ 478,614
TOTAL												

GENESBIOGENETICS COMBINED

	Claims Amount	Adequate Protection	Cash	Recovery	Debt	Recovery	Preferred Stock	Recovery	Equity Warrants	Value II	Recovery	Total Recovery
Priority/Administrative Claims	\$ 231,000	\$ -	\$ -	0.0%	\$ 231,000	100.0%	\$ -	0.0%	-	\$ -	0.0%	\$ 231,000
CLASS G1M1 - Other Secured Claims	146,393	-	-	0.0%	146,393	100.0%	-	0.0%	-	-	0.0%	146,393
CLASS G1M2 - Senior Lender Claims	1,332,411	112,000	31,000	7.3%	242,803	21.4%	62,000	2.7%	38,314	1,057,274	61.7%	1,409,479
CLASS G1M4 - General Unsecured Claims	106,500	-	-	0.0%	-	0.0%	-	0.0%	383	646	15,409	15,409
CLASS G1M5 - Senior Subordinated Claims	643,245	-	-	0.0%	-	0.0%	-	0.0%	2,211	3,913	94,318	94,318
TOTAL	\$ 2,680,005	\$ 112,000	\$ 31,000	4.7%	\$ 634,000	21.2%	\$ 42,000	1.6%	41,800	4,519	\$ 1,777,400	\$ 2,191,000

Includes GenesBioGenetics
protection payments and Multicare
excess cash distribution

* Warrant Exercise Price (under the plan) \$ 26.31
[1] Represents the value of the common stock plus the value of the warrants; warrant value represents value per share less exercise price and does not include a warrant premium.
[2] Amount excludes prepetition interest (\$44.8 million) and the Trustee II loan (\$40.0 million) which were paid as part of adequate protection payments including these amounts, the total prepetition claims are \$1,193.5 million.
[3] Recovery excludes \$44.8 million of cash received as part of adequate protection payments for prepetition interest (\$44.0 million) and the Trustee II loan payoff (\$40.0 million); including these payments, the recovery is \$8.7% without interest. The \$56.8 million received by Class G1 would be subject to contractual subordination.

CHILMARK
Adviser Bank
PARTNERS

Exhibit F

Exhibit G

Exhibit 1

LONG TERM CARE COMPANY COMPARABLES
(NON-BANKRUPT)

Beverly Enterprises Inc.

Beverly is one of the largest operators of nursing facilities in the US. As of 2/28/01, the Company operated 531 nursing facilities with 59,580 licensed beds, 34 assisted living centers, 165 outpatient therapy clinics, and 58 hospice and home care centers.

Manor Care Inc.

Manor Care is a provider of a range of health care services, including skilled nursing care, assisted living, subacute medical care, rehabilitation therapy, home health care and management services. At 12/31/00, the Company operated 298 skilled nursing and 56 assisted living facilities, 87 outpatient rehabilitation clinics, one acute care hospital and 78 home health care offices that include the offices of In Home Health, Inc..

Extendicare Health Services Inc.

Extendicare is one of the largest providers of long-term care and related services in the US. The Company operated 171 nursing facilities (155 owned) and 41 (36 owned) assisted living and retirement facilities at 12/31/00. The company also provides selected services to 12 nursing facilities. In total the Company serves 18,753 nursing beds and 1,925 assisted living beds.

National Healthcare Corporation

National operates or manages 74 long-term health care centers with 9,747 beds and 13 assisted living facilities with 622 beds. The Company also operated 33 homecare programs and 473 retirement apartments. National provides nursing care as well as ancillary therapy services to patients in a variety of settings including long-term care nursing centers, managed care specialty units, subacute care units, Alzheimer's care units, homecare programs, assisted living centers and independent living centers.

Kindred Healthcare, Inc.
(formerly Vencor)

Kindred, Inc. is a provider of long-term healthcare services which emerged from bankruptcy in April of this year. As of June 30, 2001, the Company operated 315 nursing centers with approximately 40,000 licensed beds. In addition Kindred operated 56 hospitals with 4,886 beds and an institutional pharmacy business.

Harborside Healthcare Corporation

Harborside provides long-term and subacute care and other specialty medical services in 50 skilled nursing facilities (as of December 31, 2000) in four principal regions: the Southeast (Florida), Midwest (Ohio and Indiana), New England (Connecticut, Massachusetts, New Hampshire, and Rhode Island), and the Mid-Atlantic (New Jersey and Maryland.)

LONG TERM CARE COMPANY COMPARABLES

\$ in 000s, except per share amounts

	Jewett Enterprises BBV	Minor Care HCR	Extendicare Health Serv.	National Healthcare NHC	Kaiser (Formerly Veeva) VCHQ	Herbridge Healthcare HBR	Non-Bankrupt Average
Most Recent Fiscal Year	Dec-00	Dec-00	Dec-00	Dec-00	Dec-00	Dec-00	
Most Recent Quarter Reported	Jan-01	Jan-01	Jan-01	Jan-01	Jan-01	Jan-01	
Months Ended	6	6	6	6	6	6	

TRAILING 12-MONTH RESULTS

Market Multiplier
Enterprise Value / Total Revenues
Enterprise Value / EBITDA
Adjusted Enterprise Value / EBITDAR
Enterprise Value / EBIT
Enterprise Value / EBITDA-CapX

At Face:
Net Debt / EBITDA
Adjusted Net Debt / EBITDAR
At FMV:
Net Debt / EBITDA
Adjusted Net Debt / EBITDAR

Interest Coverage
EBITDA / Interest
EBITDA-CapX / Interest
EBITDAR / Interest + Rent

Summary Financial Performance:

Total Revenues
EBITDA
EBITDAR
EBIT
EBITDA-CapX
Interest Expense
Rent Expense
EBITDAR Margin
Adjusted After-Tax Return on Capital**
EBITAR
After-Tax Return on Capital**
EBITA

0.9x	1.5x	0.6x	0.5x	0.4x	0.3x	0.7x
8.3x	11.0x	8.1x	4.3x	7.9x	6.6x	7.8x
8.4x	11.4x	8.1x	6.0x	8.8x	7.4x	8.2x
14.3x	18.4x	26.9x	6.2x	14.4x	14.3x	13.7x
12.0x	16.5x	10.6x	4.6x	23.4x	12.4x	13.2x
3.6x	2.1x	7.2x	0.0x	0.9x	9.1x	3.8x
9.0x	2.4x	7.5x	2.6x	5.3x	3.4x	5.4x
3.6x	2.1x	6.8x	8.0x	0.9x	6.6x	3.5x
5.0x	2.4x	7.1x	3.6x	5.3x	7.4x	5.2x
3.7x	3.9x	1.5x	7.2x	3.7x	1.0x	3.8x
2.2x	4.1x	1.2x	7.5x	1.2x	0.5x	2.8x
1.8x	4.5x	1.4x	1.9x	1.4x	1.0x	2.0x
\$ 2,675,975	\$ 2,310,941	\$ 841,200	\$ 433,206	\$ 2,942,835	\$ 332,495	\$ 1,612,839
218,422	337,196	61,833	56,230	158,856	12,173	143,932
333,311	359,596	80,033	92,689	412,176	44,498	224,554
142,461	212,903	18,789	34,833	84,850	7,915	83,925
189,604	237,225	47,579	47,214	53,514	9,140	94,046
\$ 77,094	\$ 57,294	\$ 40,623	\$ 6,491	\$ 43,460	\$ 12,818	\$ 40,478
\$ 114,889	\$ 22,400	\$ 18,220	\$ 41,459	\$ 259,320	\$ 27,335	\$ 80,602
13.2%	14.2%	9.5%	21.4%	14.0%	13.4%	14.3%
7.2%	7.1%	3.1%	10.3%	8.2%	6.2%	7.0%
\$ 270,000	\$ 248,196	\$ 40,812	\$ 80,184	\$ 362,176	\$ 37,223	\$ 173,151
\$ 155,111	\$ 225,996	\$ 22,592	\$ 32,735	\$ 101,856	\$ 4.3%	\$ 97,540

* Calculated as: (EBITDA x (1 - 40% tax rate)) / Average Capital; Capital defined as Total Assets less
Intangible Assets less Cash & Investments less Non-Interest Bearing Current Liabilities plus
Capitalized Operating Leases (utilizing a 12.5% cap rate)
** Calculated as: (EBITDA x (1 - 40% tax rate)) / Average Capital; Capital defined as Total Assets less
Intangible Assets less Cash & Investments less Non-Interest Bearing Current Liabilities

8/22/2001

LONG TERM CARE COMPANY COMPARABLES
\$ in 000s, except per share amounts

	Beverly Enterprise BIV	Planet Care PCR	Extendicare Healthcare HCR	National Healthcare NHC	Kindred (formerly Vassar) VCKOQ	Harborside Healthcare HHR	Non-Intercept Average
Most Recent Fiscal Year	Dec-00	Dec-00	Dec-00	Dec-00	Dec-00	Dec-00	
Most Recent Quarter Reported	Jun-01	Jun-01	Jun-01	Jun-01	Jun-01	Jun-01	
Months Ended	6	6	6	6	6	6	
ENTERPRISE VALUE							
Shares Outstanding	104,248	105,106	72,848	11,277	15,600		
Stock Price at 8/1/01	\$ 11.25	\$ 31.17	\$ 4.80	\$ 19.25	\$ 39.05	N/A	
52 Wk High	\$ 12.18	\$ 34.30	\$ 4.80	\$ 20.20	\$ 31.00	Public	
52 Wk Low	\$ 3.81	\$ 11.94	\$ 1.25	\$ 2.23	\$ 31.00		
Warrants/Options Outstanding					7,000		
Exercise Price					\$ 32.31		
MARKET CAPITALIZATION							
Bank Debt	\$ 1,172,700	\$ 3,213,814	\$ 83,775 [1]	\$ 217,042	\$ 1,107,170	\$ -	\$ 965,874
pricing*							
Notes		\$ 316,000	\$ 151,766	\$ 13,725	\$ -	\$ 30,250	\$ 87,040
pricing*	100.0	100.0	97.0	100.0	100.0	100.0	
Other Debt	100,000	149,705	200,000		300,000	112,514	188,444
pricing*	100.0	100.0	87.0		100.0	62.0	
Other Debt	200,000	200,000					200,000
pricing*	100.0	100.0					
Other Debt	397,047	41,012	47,350	49,662	2,536	24,311	93,653
pricing*	100.0	100.0	100.0	100.0	100.0	100.0	
TOTAL DEBT	\$ 777,047	\$ 716,717	\$ 399,116	\$ 63,387	\$ 302,536	\$ 167,575	\$ 604,356
check							
TOTAL DEBT @ FMV	\$ 777,047	\$ 716,717	\$ 368,563	\$ 63,387	\$ 302,536	\$ 124,830	\$ 392,178
Other Liabilities	164,900 [1]	-	34,206 [2]	-	-	-	36,518
Other Equity Interest							
Less: Investments							
Less: Cash	(10,007)	(19,312)	(612)	(65,011)	(154,263)	(11,940)	(55,859)
ENTERPRISE VALUE	\$ 2,034,840	\$ 2,911,219	\$ 501,933	\$ 213,431	\$ 1,332,141	\$ 112,810	\$ 1,338,711
Implied Loan Debt	919,112	179,200	145,760	339,672	2,066,560	318,400	644,817
ADJUSTED ENTERPRISE VALUE	\$ 2,953,952	\$ 4,090,419	\$ 647,693	\$ 553,103	\$ 3,398,701	\$ 331,480	\$ 1,983,528
Net Debt (including other liabilities) @ FMV	\$ 861,940	\$ 697,405	\$ 472,157	\$ (1,631)	\$ 144,271	\$ 112,380	\$ 372,137
Implied Loan Debt	919,112	179,200	145,760	339,672	2,066,560	318,400	644,817
Adjusted Net Debt @ FMV	\$ 1,781,052	\$ 876,605	\$ 619,917	\$ 338,041	\$ 2,210,831	\$ 331,480	\$ 1,016,954

* pricing search at 8/1/01

[1] On 3/2/00, Beverly entered into an agreement with the U.S. Department of Justice which called for \$145 million of withholdings from Beverly's biweekly Medicare periodic interim payment in equal installments over eight years. \$94.9 million represents the present value of this liability at 12/31/00. In addition, Beverly has a \$70 million off-balance sheet accounts receivable securitization facility.

[2] Assumed for self-insured liabilities at 6/30/01.

[3] Represents 25% of the public market capitalization of Extendicare Inc., Extendicare Health Services parent company; it was determined that 75% of Extendicare Inc.'s market capitalization is attributable to its Canadian operations and its investment in Cigna Life Insurance Company.

62227001

LONG TERM CARE COMPANY COMPARABLES
 \$ in 000s, except per share amounts

	Everly Enterprises BEV	Manor Care MCA	Extendicare Health Svc HSC	National Healthcare NHC	Kindred Healthcare VCRQ	Harborside Healthcare HBR	Non-Disrupt Average
Most Recent Fiscal Year	Dec-00	Dec-00	Dec-00	Dec-00	Dec-00	Dec-00	
Most Recent Quarter Reported	Jun-01	Jun-01	Jun-01	Jun-01	Jun-01	Jun-01	
Months Ended	6	6	6	6	6	6	
OPERATING DATA							
Operating Facilities at 12/31/00:	511	298	155	74	312	50	237
Skilled Nursing Facilities	34	56	36	12	40,189	0	28
Assisted Living Facilities	59,980	46,020	15,569	9,747	86,194	6174	29,238
Licensed Beds	87.0%	86.0%	81.0%	94.3%		90.1%	88.6%
Total Occupancy							
2000 Payer Source (% of revenues):							
Medicare	17.4%	24.0%	24.0%	29.0%	23.9%	23.0%	24.6%
Medicaid	61.6%	33.0%	51.0%	41.0%	48.3%	49.0%	43.6%
Private & Other	20.9%	43.0%	25.0%	30.0%	23.3%	26.0%	28.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

07/27/2001

LONG TERM CARE COMPANY COMPARABLES
\$ in 000s, except per share amounts

	Directly Employed	Manor Care	Extended Health Care	Nursing Home	Kindred (Domestic Vets)	Harborside Healthcare	Non-Bankrupt Average
	DEC-00 Jan-01	DEC-00 Jan-01	DEC-00 Jan-01	DEC-00 Jan-01	DEC-00 Jan-01	DEC-00 Jan-01	
Most Recent Fiscal Year							
Most Recent Quarter Reported							
Mantra Ended							
Net Patient Revenues:							
1998	\$ 2,812,232	\$ 2,209,087	\$ 1,140,435	\$ 404,299	\$ 2,999,739	\$ 311,044	\$ 1,646,123
1999	1,546,672	2,132,343	994,985	406,341	2,665,641	300,615	1,508,233
2000	2,837,870	2,380,578	907,488	415,880	2,188,448	322,672	1,592,172
YTD	1,318,446	1,201,539	394,221	182,108	1,523,173	168,213	818,114
LYTD	1,201,241	1,151,165	460,009	217,126	1,428,830	158,390	786,132
LTM	2,811,973	2,330,942	841,700	388,854	2,982,835	332,495	1,624,134
Other Revenues:							
1998	\$ -	\$ -	\$ -	\$ 36,955	\$ -	\$ -	\$ 6,199
1999	-	-	-	37,844	-	-	5,607
2000	-	-	-	46,335	-	-	7,756
YTD	-	-	-	20,100	-	-	3,383
LYTD	-	-	-	14,483	-	-	2,414
LTM	-	-	-	53,352	-	-	8,725
Total Revenues:							
1998	\$ 2,812,232	\$ 2,209,087	\$ 1,140,435	\$ 441,254	\$ 2,999,739	\$ 311,044	\$ 1,652,322
1999	2,546,672	2,132,343	994,985	448,145	2,665,641	300,615	1,513,901
2000	2,837,870	2,380,578	907,488	463,415	2,188,448	322,672	1,599,928
YTD	1,239,446	1,101,339	394,221	202,400	1,523,173	168,213	821,497
LYTD	1,201,241	1,151,165	460,009	237,609	1,428,830	158,390	788,566
LTM	2,815,973	2,330,942	841,700	433,206	2,982,835	332,495	1,632,839
Salaries, Wages & Benefits:							
1998	\$ 1,664,741	\$ -	\$ -	\$ 243,348	\$ 1,753,823	\$ -	\$ 610,185
1999	1,578,950	-	-	242,866	1,566,227	-	564,574
2000	1,430,379	-	-	249,853	1,633,935	-	581,297
YTD	832,228	-	-	109,023	859,831	-	300,197
LYTD	805,551	-	-	129,472	797,696	-	218,780
LTM	1,657,152	-	-	278,646	1,686,090	-	592,315
Other Operating Expenses:							
1998	\$ 834,632	\$ 1,793,992	\$ 979,271	\$ 117,627	\$ 1,282,444	\$ 262,713	\$ 835,013
1999	873,595	1,769,402	887,440	119,090	1,268,897	262,776	822,785
2000	657,337	2,046,585	814,130	118,336	1,671,441	272,381	795,967
YTD	314,195	1,113,367	335,561	53,675	444,718	146,345	407,978
LYTD	386,020	988,606	408,048	60,130	422,390	156,629	391,954
LTM	665,512	2,171,346	761,647	111,371	879,549	387,997	811,990

LONG TERM CARE COMPANY COMPARABLES

\$ in 000s, except per share amounts

Most Recent Fiscal Year Most Recent Quarter Reported Months Ended	Derevy Enterprises		Mason		Extendicare		National		Kindred		Herbridge		Non-Bankrupt Average
	REV	Cost	HCN	Health Svc	Health Svc	NHC	VCNUQ	VCNUQ	HCN	VCNUQ	HCN		
1998	\$ 113,762	\$ 10,200	\$ 15,895	\$ 46,082	\$ 214,144	\$ 22,412	\$ 21,044						
1999	\$ 115,598	\$ 17,500	\$ 18,806	\$ 46,757	\$ 205,120	\$ 22,394	\$ 27,746						
2000	\$ 114,309	\$ 22,400	\$ 18,832	\$ 45,893	\$ 258,370	\$ 24,275	\$ 80,633						
YTD	\$ 57,500	\$ 11,200	\$ 9,751	\$ 20,333	\$ 129,160	\$ 14,374	\$ 40,253						
LYTD	\$ 37,500	\$ 11,200	\$ 8,563	\$ 23,968	\$ 129,160	\$ 11,234	\$ 40,253						
LTM	\$ 114,819	\$ 22,400	\$ 18,270	\$ 47,499	\$ 258,370	\$ 27,375	\$ 80,602						
* Represents Kindred's restructured lease expense (as a result of emerging from bankruptcy in April 2001) "annualized" for the respective periods.													
Total Occasional Expenses:													
1998	\$ 2,633,135	\$ 1,811,592	\$ 1,014,968	\$ 407,827	\$ 3,209,811	\$ 285,125	\$ 1,570,243						
1999	\$ 2,318,143	\$ 1,782,203	\$ 908,546	\$ 408,113	\$ 3,140,334	\$ 290,170	\$ 1,475,083						
2000	\$ 2,407,601	\$ 2,048,985	\$ 851,162	\$ 412,272	\$ 2,769,416	\$ 302,516	\$ 1,461,499						
YTD	\$ 1,234,023	\$ 1,174,367	\$ 384,316	\$ 183,215	\$ 1,431,799	\$ 180,219	\$ 748,478						
LYTD	\$ 1,189,071	\$ 999,806	\$ 416,611	\$ 213,531	\$ 1,359,146	\$ 167,852	\$ 721,020						
LTM	\$ 2,437,351	\$ 2,193,746	\$ 779,857	\$ 385,978	\$ 2,803,979	\$ 315,222	\$ 1,488,967						
Discontinuation & Amortization:													
1998	\$ 93,772	\$ 119,223	\$ 51,721	\$ 11,786	\$ 124,617	\$ 4,350	\$ 68,237						
1999	\$ 99,160	\$ 114,601	\$ 52,005	\$ 12,644	\$ 93,196	\$ 10,249	\$ 63,641						
2000	\$ 100,061	\$ 121,208	\$ 45,434	\$ 15,703	\$ 72,545	\$ 10,210	\$ 61,027						
YTD	\$ 46,814	\$ 62,984	\$ 20,495	\$ 6,169	\$ 34,531	\$ 4,431	\$ 79,237						
LYTD	\$ 98,714	\$ 59,698	\$ 22,885	\$ 6,675	\$ 36,070	\$ 5,383	\$ 30,238						
LTM	\$ 91,961	\$ 124,494	\$ 43,044	\$ 15,397	\$ 72,006	\$ 9,338	\$ 60,017						
Non-Recurring Items:													
1998	\$ 31,027	\$ 278,261	\$ (91,337)	\$ 29,084	\$ -	\$ 37,172	\$ 55,201						
1999	\$ 274,832 (1)	\$ 14,717	\$ 108,347 (1)	\$ -	\$ 39,606 (1)	\$ 3,745	\$ 71,390						
2000	\$ 134,806 (1)	\$ 51,300 (1)	\$ 67,083 (1)	\$ 9,400	\$ 12,636 (1)	\$ 9,489 (1)	\$ 47,419						
YTD	\$ 115,543 (1)	\$ -	\$ 11,962 (1)	\$ 450	\$ (33,666)	\$ 9,045 (1)	\$ 13,889						
LYTD	\$ 31,250 (1)	\$ 31,250 (1)	\$ 25,428 (2)	\$ -	\$ 1,093 (1)	\$ -	\$ 12,979						
LTM	\$ 350,149	\$ (30)	\$ 31,617	\$ 9,810	\$ (42,125)	\$ 16,334	\$ 48,329						

(1) Special investment charges as reported in Manor Care's 2001 fourth quarter earnings press release.

(2) As presented in Extendicare's 12/31/00 10-K (495001 10-Q) Statement of Cash Flows, figure includes: provision for self-insured liabilities, provision for punitive damages, reserve/recovery for settlements with third-party payors, loss/gain on disposal of assets and loss on impairment of long-lived assets.

(3) Special investment charges as reported in Derevy's 2/6/01 fourth quarter 2000 earnings press release.

(4) As reported in NHC's 12/31/00 10-K, figure represents the one-time forgiveness of employee notes receivable.

(5) Special investment charges as reported in Derevy's 2/6/01 first quarter 2001 earnings press release.

(6) As reported in NHC's 3/31/01 10-Q, figure represents the one-time cost for corporate compliance training.

(7) Special investment charges as reported in Manor Care's 2/27/01 first quarter 2001 earnings press release.

(8) Chulmark released the following out of other operating expenses: (1) In the second quarter of 2000, Vencor recorded a \$3MM gain on the sale of a closed hospital; (2) In the third quarter of 2000, Vencor recorded a \$9MM write-off of impaired investments; (3) In the second quarter of 1999, Vencor recorded a charge of \$21MM associated with the write-off of Vencor's remaining investment in BHC (\$13MM) and the cancellation of a nursing center software development project (\$8MM).

LONG TERM CARE COMPANY COMPARABLES
\$ in 000s, except per share amounts

Most Recent Fiscal Year Most Recent Quarter Reported Months Ended	Beverly Enterprises REY		Minor Care HCR		Extendicare Healthcare HCR		National Healthcare NHC		Kindred (Formerly Vassar) VCRQ		Hawthorne Healthcare HHC		Non-Bankrupt Average
	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	Dec-00 Jun-01 6	
Interest													
1998	\$ 51,210	\$ 46,387	\$ 51,331	\$ 4,401	\$ 101,370	\$ 11,271	\$ 45,940						
1999	68,343	54,882	51,267	5,353	75,354	20,895	45,849						
2000	77,366	60,733	45,155	6,880	55,038	31,631	44,475						
YTD	38,185	28,433	18,775	2,918	17,104	1,437	18,516						
LYTD	24,452	29,872	23,203	3,209	28,684	11,298	22,520						
LTM	72,094	57,294	40,623	6,493	43,460	17,853	40,470						
Other expense (income)													
1998	\$ -	\$ (22,011)	\$ 618	\$ -	\$ -	\$ 333	\$ (1,503)						
1999	-	257,069	(224)	-	-	1,481	44,718						
2000	-	17,808	-	-	-	1,726	3,156						
YTD	-	(1,443)	-	-	-	511	(155)						
LYTD	-	19,347	-	-	-	834	2,564						
LTM	-	(2,932)	-	-	-	803	(363)						
Taxes													
1998	\$ (25,936)	\$ 21,597	\$ 79,680	\$ (3,683)	\$ 76,099	\$ (5,032)	\$ 23,789						
1999	(79,079)	(47,238)	(52,841)	5,632	500	(10,304)	(70,532)						
2000	(22,262)	31,419	(27,667)	6,942	2,000	14,372	(663)						
YTD	(91,273)	33,793	(5,877)	3,718	17,404	-	1,149						
LYTD	5,216	(4,692)	(9,815)	2,214	1,002	(2,837)	(892)						
LTM	(66,791)	59,978	(23,725)	7,496	14,404	13,159	1,086						
Net income (before XO items)													
1998	\$ (24,946)	\$ (46,462)	\$ 28,914	\$ (6,399)	\$ (572,903)	\$ (34,187)	\$ (107,613)						
1999	(134,647)	(53,158)	(70,115)	8,583	(613,249)	(17,601)	(158,721)						
2000	(54,582)	39,033	(54,678)	10,218	(4,092)	(16,706)	(16,783)						
YTD	(48,706)	55,193	(15,450)	5,631	79,089	(14,170)	10,433						
LYTD	14,783	(4,212)	(18,465)	4,869	2,485	(5,417)	(754)						
LTM	(115,991)	90,463	(51,724)	10,596	71,111	(46,439)	(5,593)						
Fixed-Dollared EPS (before XO items)													
1998	\$ (0.24)	\$ (0.42)	\$ -	\$ (0.38)	\$ (3.59)	\$ (3.42)	\$ (2.61)						
1999	(1.31)	(0.51)	\$ -	\$ 0.73	(2.72)	(3.25)	(2.81)						
2000	(0.51)	0.38	\$ -	\$ 0.89	(0.16)	(6.88)	(1.21)						
YTD	(0.45)	0.53	\$ -	\$ 0.48	\$ 1.69	(2.31)	(0.61)						
LYTD	0.15	(0.04)	\$ -	\$ 0.42	\$ (0.31)	(1.07)	(0.17)						
LTM	(1.13)	0.95	\$ -	\$ 0.95	\$ 1.21	(7.24)	(1.05)						

LONG TERM CARE COMPANY COMPARABLES

\$ in 000's, except per share amounts

	Diversy Enterprises DEV	Minor Care NCR	Extendedcare Healthcare HSC	National Healthcare NIC	Kindred (Humana Venture) VORQ	Harpuride Healthcare HBA	Non-Bankrupt Average
	Dec-00 Jun-01	Dec-00 Jun-01	Dec-00 Jun-01	Dec-00 Jun-01	Dec-00 Jun-01	Dec-00 Jun-01	
Mean Recent Fiscal Year							
Most Recent Quarter Reported							
Months Ended							
EBITDA:							
1998	\$ 292,859	\$ 415,495	\$ 141,364	\$ 80,219	\$ (35,723)	\$ 48,331	\$ 157,093
1999	344,137	505,943	107,243	78,389	(160,571)	22,839	126,562
2000	350,158	313,993	91,354	93,006	397,646	44,391	219,044
YTD	172,913	181,162	31,656	39,700	211,894	21,868	112,322
LYTD	169,720	161,359	31,981	42,847	191,894	21,261	107,231
LTM	353,311	339,196	84,003	92,689	417,176	44,498	226,354
EBITDA:							
1998	\$ 179,097	\$ 391,495	\$ 125,469	\$ 34,187	\$ (269,872)	\$ 25,919	\$ 82,049
1999	228,318	343,143	86,439	32,012	(474,893)	10,445	39,816
2000	235,284	311,393	33,326	49,143	136,116	20,116	131,429
YTD	115,421	176,563	29,905	19,163	89,464	7,494	73,069
LYTD	112,270	151,299	43,398	11,073	69,234	10,437	67,546
LTM	234,432	337,196	61,833	90,330	158,956	17,170	141,952
EBIT:							
1998	\$ 85,175	\$ 278,372	\$ 31,746	\$ 22,401	\$ (394,489)	\$ 19,369	\$ 11,911
1999	129,169	213,542	36,434	19,388	(567,087)	196	(24,027)
2000	125,208	196,315	29,893	33,440	63,581	9,906	72,402
YTD	68,009	113,978	9,410	12,796	34,931	3,063	43,832
LYTD	61,556	91,661	20,513	11,403	33,664	5,054	32,109
LTM	142,461	212,202	18,789	34,803	80,650	7,915	83,926
EBITDA-QUE:							
1998	\$ 21,646	\$ 79,799	\$ 64,349	\$ 10,149	\$ (337,160)	\$ (42,816)	\$ (63,874)
1999	333,715	170,516	67,109	10,038	(596,186)	(2,352)	(33,261)
2000	139,242	184,585	61,157	42,419	58,131	17,977	86,743
YTD	81,069	113,475	23,210	16,543	41,787	2,006	49,898
LYTD	71,507	80,213	37,288	11,748	47,413	6,783	42,393
LTM	169,604	237,323	47,579	47,314	59,514	9,140	94,046
Capital Expenditures							
1998	\$ (150,491)	\$ (317,736)	\$ (99,120)	\$ (24,001)	\$ (267,238)	\$ (58,505)	\$ (147,873)
1999	(95,414)	(177,635)	(253,330)	(22,004)	(111,483)	(12,197)	(74,177)
2000	(76,827)	(127,008)	(14,169)	(4,724)	(79,968)	(6,199)	(51,686)
YTD	(33,554)	(43,485)	(6,193)	(2,428)	(47,677)	(3,418)	(21,171)
LYTD	(40,763)	(78,526)	(6,119)	(6,319)	(22,323)	(3,654)	(24,951)
LTM	(66,818)	(99,971)	(14,254)	(1,016)	(165,442)	(8,003)	(49,906)

02/22/2001

LONG TERM CARE COMPANY COMPARABLES

\$ in 000's, except per share amounts

	Beverly Recreation REY		Minor Care JCR		Extended Health Care HEC		National Healthcare NHC		Kindred (Humpty Vant)		Huchins HHR		Non-Rampant Average
	Dec-00	Jun-01	Dec-00	Jun-01	Dec-00	Jun-01	Dec-00	Jun-01	Dec-00	Jun-01	Dec-00	Jun-01	
Most Recent Fiscal Year													
Most Recent Quarter Reported													
Months Ended													
Cash & Cash Equivalents													
1999	\$ 24,652	\$ 12,287	\$ 2,041	\$ 2,041	\$ 2,041	\$ 2,041	\$ 20,185	\$ 141,350	\$ 1,384	\$ 1,384	\$ 31,134	\$ 31,134	
2000	35,908	24,943	1,641	40,336	40,336	40,336	40,336	184,642	10,724	10,724	49,366	49,366	
YTD	80,007	19,312	612	612	612	612	65,018	136,265	11,540	11,540	55,839	55,839	
Minimum Cash													
Fixed Assets													
1999	\$ (24,652)	\$ (12,287)	\$ (2,041)	\$ (2,041)	\$ (2,041)	\$ (2,041)	\$ (39,185)	\$ (148,350)	\$ (1,384)	\$ (1,384)	\$ (31,134)	\$ (31,134)	
2000	(25,908)	(24,943)	(1,641)	(40,336)	(40,336)	(40,336)	(40,336)	(184,642)	(10,724)	(10,724)	(49,366)	(49,366)	
YTD	(80,007)	(19,312)	(612)	(612)	(612)	(612)	(65,018)	(136,265)	(11,540)	(11,540)	(55,839)	(55,839)	
Accounts Receivable													
1999	\$ 349,987	\$ 284,449	\$ 141,348	\$ 141,348	\$ 141,348	\$ 141,348	\$ 52,337	\$ 324,133	\$ 50,168	\$ 50,168	\$ 261,237	\$ 261,237	
2000	342,974	319,943	130,032	44,738	44,738	44,738	44,738	322,483	48,659	48,659	213,134	213,134	
YTD	304,669	388,091	101,376	42,647	42,647	42,647	42,647	414,942	44,128	44,128	214,011	214,011	
Inventory													
1999	\$ 32,276	\$ -	\$ 1,283	\$ 1,283	\$ 1,283	\$ 1,283	\$ 5,010	\$ 28,956	\$ -	\$ -	\$ 12,321	\$ 12,321	
2000	29,134	-	9,383	4,292	4,292	4,292	4,292	28,787	-	-	17,086	17,086	
YTD	26,582	-	7,426	4,201	4,201	4,201	4,201	29,683	-	-	11,312	11,312	
Intangible Assets													
1999	\$ 229,639	\$ 81,286	\$ 82,143	\$ 82,143	\$ 82,143	\$ 82,143	\$ 837	\$ 173,318	\$ 15,546	\$ 15,546	\$ 99,212	\$ 99,212	
2000	201,743	100,022	81,310	874	874	874	874	152,277	11,235	11,235	92,746	92,746	
YTD	200,473	100,990	79,456	815	815	815	815	153,594	4,236	4,236	90,409	90,409	
Investment/Debt Assets													
1999	\$ -	\$ 61,467	\$ -	\$ -	\$ -	\$ -	\$ 7,890	\$ 15,874	\$ -	\$ -	\$ 14,540	\$ 14,540	
2000	-	3,107	-	5,192	5,192	5,192	5,192	-	-	-	1,325	1,325	
YTD	-	1,746	-	4,950	4,950	4,950	4,950	-	-	-	1,115	1,115	
Total Assets													
1999	\$ 1,962,880	\$ 2,289,777	\$ 974,448	\$ 240,319	\$ 240,319	\$ 240,319	\$ 240,319	\$ 1,215,924	\$ 283,233	\$ 283,233	\$ 1,167,772	\$ 1,167,772	
2000	1,875,993	2,351,468	873,590	273,047	273,047	273,047	273,047	1,374,114	200,897	200,897	1,153,102	1,153,102	
YTD	1,836,437	2,150,022	801,318	275,423	275,423	275,423	275,423	1,434,774	199,813	199,813	1,152,045	1,152,045	
Current Liabilities, 2/1/01													
1999	\$ 34,952	\$ 185,617	\$ 27,600	\$ 6,467	\$ 6,467	\$ 6,467	\$ 6,467	\$ -	\$ -	\$ -	\$ 43,916	\$ 43,916	
2000	271,111	160,439	13,244	22,431	22,431	22,431	22,431	498	5,250	5,250	71,423	71,423	
YTD	84,898	5,480	15,014	19,259	19,259	19,259	19,259	498	5,763	5,763	21,819	21,819	

8/22/2001

8

LONG TERM CARE COMPANY COMPARABLES
\$ in 000s, except per share amounts

Most Recent Fiscal Year Most Recent Quarter Reported Months Ended	Realty Enterprises DEV	Major Care		Extended Healthcare		National Healthcare		Kindred (formerly Vassar)		Forbshire Healthcare		Non-Behavioral Average
		HCR		Healthcare		NHC		VCRQ		HBR		
		Dec-00	Jun-01	Dec-00	Jun-01	Dec-00	Jun-01	Dec-00	Jun-01	Dec-00	Jun-01	
1999	\$ 328,554	\$ 273,032	\$ 138,340	\$ 85,956	\$ 396,873	\$ 29,534	\$ 202,273					
2000	249,156	212,866	118,421	80,853	428,691	33,563	210,577					
YTD	281,588	324,782	114,916	88,742	574,466	36,286	229,130					
Long-Term Debt/Liabilities Subject to Commitment:												
1999	\$ 746,164	\$ 687,302	\$ 508,430	\$ 60,647	\$ 1,159,417	\$ 216,083	\$ 543,044					
2000	564,347	644,014	418,441	57,763	1,260,373	172,866	513,174					
YTD	692,149	711,237	384,102	44,128	302,038	161,812	312,578					
Total Liabilities:												
1999	\$ 641,124	\$ 980,037	\$ 237,895	\$ 55,656	\$ (378,309)	\$ (21,522)	\$ 251,810					
2000	583,993	1,012,729	184,181	69,334	(432,832)	(67,076)	225,002					
YTD	545,819	1,061,671	167,228	81,368	462,536	(27,426)	381,849					
Capital:												
1999	\$ 1,381,725	\$ 1,902,703	\$ 742,984	\$ 106,443	\$ 501,099	\$ 216,367	\$ 813,614					
2000	1,356,483	1,918,330	672,212	136,638	561,804	147,557	791,338					
YTD	1,294,769	1,895,172	606,534	113,898	595,009	140,851	775,547					
Growth:												
- Total Revenues:												
YTD versus LYTD	2.9%	13.1%	-14.3%	-12.0%	6.6%	6.2%	0.2%					
2000 versus 1999	3.6%	51.5%	-4.8%	5.1%	8.4%	7.3%	4.3%					
1999 versus 1998	-9.6%	-3.3%	-12.8%	-0.2%	-11.1%	-3.4%	-6.7%					
- EBITDA:												
YTD versus LYTD	2.8%	16.5%	-31.1%	6.0%	28.3%	-28.2%	-0.9%					
2000 versus 1999	2.9%	-10.1%	-14.3%	51.4%	-129.3%	92.6%	-0.9%					
1999 versus 1998	21.6%	-12.4%	-39.3%	-6.3%	75.9%	-59.7%	-8.7%					

Exhibit 2

INSTITUTIONAL PHARMACY COMPANY COMPARABLES

Institutional Pharmacy

Omnicare Inc.

Omnicare is a leading provider of pharmacy services to long-term care institutions such as skilled nursing facilities, assisted living communities and other institutional health care facilities. The Company operates in two business segments: pharmacy services and contract research organization services. At 12/31/00, pharmacy services were provided to 636,500 residents in 8,400 long-term care facilities.

NCS Health Care Inc.

NCS Healthcare is a leading independent provider of pharmacy services to long-term care institutions including skilled nursing facilities, assisted living facilities and other institutional healthcare settings. The company serviced 227,000 residents.

INSTITUTIONAL PHARMACY COMPANY COMPARABLES
\$ in 000s, except per share amounts

	Institutional Pharmacy		Average
	Omnicare	Healthcare	
	OCR	NCS	
Most Recent Fiscal Year	Dec-00	Jun-00	
Most Recent Quarter	Jun-01	Mar-01	
Months Ended	6	9	

TRAILING 12-MONTH RESULTS

Market Multiples:					
Enterprise Value / Total Revenues	1.4x	0.3x	0.8x		
Enterprise Value / EBITDA	11.7x	6.8x	9.2x		
Enterprise Value / EBIT	16.5x	-176.3x	-79.9x		
Enterprise Value / EBITDA-CapX	13.1x	8.3x	10.7x		
At Face:					
Net Debt / EBITDA	2.7x	10.5x	6.6x		
At FMV:					
Net Debt / EBITDA	2.5x	6.6x	4.6x		
Interest Coverage					
EBITDA / Interest	4.3x	0.8x	2.6x		
EBITDA-CapX / Interest	3.9x	0.7x	2.3x		
Summary Financial Performance:					
Total Revenues	\$ 2,051,522	\$ 631,927	\$ 1,341,725		
EBITDA	245,515	25,555	135,545		
EBIT	173,988	(985)	86,502		
EBITDA-CapX	217,954	21,012	119,473		
Interest Expense	\$ 56,599	\$ 32,002	\$ 44,201		
EBITDA Margin	12.0%	4.0%	8.0%		
After-Tax Return on Capital*	17.4%	5.4%	11.4%		
EBITA	\$ 204,612	\$ 10,445	\$ 107,529		

* Calculated as: (EBITA x (1 - 40%taxrate)) / Average Capital; Capital defined as Total Assets less Intangible Assets less Cash & Investments less Non-Interest Bearing Current Liabilities

0/22/2001

INSTITUTIONAL PHARMACY COMPANY COMPARABLES
\$ in 000s, except per share amounts

	Institutional Pharmacy				Average
	Omnicare	Healthcare	NCS	NCS	
Most Recent Fiscal Year	Dec-00	Jun-00	Jun-00	Jun-00	
Most Recent Quarter	Jun-01	Mar-01	Mar-01	Mar-01	
Months Ended	6	9	9	9	
ENTERPRISE VALUE					
Shares Outstanding	93,235	23,717			
Stock Price at 8/14/01	\$ 24.16	\$ 0.19	\$ 12.18		
52 Wk High	\$ 26.00	\$ 0.75	\$ 13.38		
52 Wk Low	\$ 11.75	\$ 0.10	\$ 5.93		
MARKET CAPITALIZATION					
	\$ 2,242,558	\$ 4,506	\$ 1,128,532		
Bank Debt	\$ 51,038	\$ 206,130	\$ 128,584		
pricing*	100.0	85.0			
Notes	345,000	102,116	223,558		
pricing*	88.0	35.0			
Other Debt	375,000	1,126	188,063		
pricing*	100.0	35.0			
TOTAL DEBT	\$ 771,038	\$ 309,372	\$ 540,205		
check					
TOTAL DEBT @ FMV	\$ 729,638	\$ 211,345	\$ 470,492		
Other Liabilities	-	-	-		
Other Equity Interests	-	-	-		
Less: Investments	-	-	-		
Less: Cash	(117,703)	(42,162)	(75,933)		
ENTERPRISE VALUE	\$ 2,864,493	\$ 173,689	\$ 1,519,091		
Net Debt (including other liabilities) @ FMV	\$ 611,935	\$ 169,183	\$ 390,559		

* pricing search at 8/14/01

INSTITUTIONAL PHARMACY COMPANY COMPARABLES
\$ in 000s, except per share amounts

	Institutional Pharmacy		NCS		Average
	Omnicare		Healthcare		
	OCR	NCSS	Jun-00	Mar-01	
Most Recent Fiscal Year	Dec-00		Jun-00		
Most Recent Quarter	Jun-01		Mar-01		
Months Ended	6		9		
	\$	\$	\$	\$	\$
Net Patient Revenues:					
1998	-	-	-	-	-
1999	-	-	-	-	-
2000	-	-	-	-	-
YTD	-	-	-	-	-
LYTD	-	-	-	-	-
LTM	-	-	-	-	-
Other Revenues:					
1998	\$ 1,517,370	\$ 509,064	\$ 1,013,217		
1999	1,861,921	717,825	1,289,873		
2000	1,971,348	694,530	1,332,939		
YTD	1,053,710	471,373	762,542		
LYTD	973,536	533,976	753,156		
LTM	2,051,522	631,927	1,341,725		
Total Revenues:					
1998	\$ 1,517,370	\$ 509,064	\$ 1,013,217		
1999	1,861,921	717,825	1,289,873		
2000	1,971,348	694,530	1,332,939		
YTD	1,053,710	471,373	762,542		
LYTD	973,536	533,976	753,156		
LTM	2,051,522	631,927	1,341,725		
Cost of Goods Sold					
1998	\$ 1,058,743	\$ 380,217	\$ 719,480		
1999	1,538,638	540,547	939,593		
2000	1,445,955	556,757	1,001,356		
YTD	771,383	386,987	579,185		
LYTD	714,123	424,833	569,479		
LTM	1,503,213	518,911	1,011,062		
Selling, General & Administrative					
1998	\$ 283,438	\$ 91,895	\$ 188,657		
1999	351,639	128,019	239,829		
2000	367,507	126,969	247,238		
YTD	190,006	81,707	135,857		
LYTD	183,192	94,675	138,934		
LTM	374,321	114,001	244,161		

01/22/2001

INSTITUTIONAL PHARMACY COMPANY COMPARABLES
\$ in 00s, except per share amounts

Most Recent Fiscal Year
 Most Recent Quarter
 Months Ended

Real:						
1998	\$	-	\$	-	\$	
1999		-		-	-	
2000		-		-	-	
YTD		-		-	-	
LYTD		-		-	-	
LTM		-		-	-	
Total Expenses						
1998	\$	1,342,181	\$	474,112	\$	908,147
1999		1,690,277		668,566		1,179,422
2000		1,813,462		683,726		1,248,594
YTD		961,389		468,694		715,042
LYTD		897,317		519,208		708,413
LTM		1,877,534		632,912		1,255,223
Depreciation & Amortization:						
1998	\$	47,636	\$	16,454	\$	32,045
1999		69,264		23,512		46,438
2000		71,973		28,678		51,526
YTD		36,414		18,642		27,528
LYTD		38,840		20,780		29,810
LTM		71,347		26,540		49,044
Non-Recurring Items:						
1998	\$	19,068	\$	8,862	\$	13,965
1999		35,339		52,002		43,671
2000		27,199		93,759		61,479
YTD		4,817		13,183		9,000
LYTD		10,428		45,299		27,864
LTM		21,588		63,643		42,616
Interest:						
1998	\$	23,611	\$	5,745	\$	14,678
1999		46,166		18,301		32,234
2000		55,074		26,243		40,659
YTD		28,324		24,319		26,322
LYTD		26,799		18,580		22,680
LTM		56,599		32,002		44,301

0/22/2001

INSTITUTIONAL PHARMACY COMPANY COMPARABLES

\$ in 000s, except per share amounts

Most Recent Fiscal Year Most Recent Quarter Months Ended	Institutional Pharmacy				Average
	Oncology		Healthcare		
	OCR	NCS	NCSS		
	Dec-00	Jun-00	Jun-00		
	Jun-01	Mar-01			
	6	9			
Other:					
1998	\$ (3,356)	\$ -	2,921	\$ (1,678)	
1999	(1,532)	-	-	695	(955)
2000	(1,910)	-	-	(611)	(408)
YTD	(1,222)	-	-	(1,158)	
LYTD	(816)	-	-		
LTM	(2,316)	-	-		
Ther:					
1998	\$ 55,487	\$ 9,014	(7,640)	\$ 32,251	
1999	33,950	(7,640)	3,326	13,155	13,155
2000	28,706	3,326	300	16,816	16,816
YTD	22,962	300	300	11,631	11,631
LYTD	14,739	3,326		9,033	9,033
LTM	36,929	300		18,615	18,615
Net Income (Before XO Items):					
1998	\$ 80,379	\$ 11,331	(16,325)	\$ 45,855	
1999	57,721	(16,325)	(114,524)	20,698	20,698
2000	48,817	(35,123)	(96,930)	(32,854)	(32,854)
YTD	37,440	(2,717)	(96,930)	1,159	1,159
LYTD	25,069	(96,930)	(96,930)	(12,824)	(12,824)
LTM	61,188	(96,930)	(96,930)	(12,871)	(12,871)
Basic-Diluted EPS (Before XO Items):					
1998	\$ 0.90	\$ 0.58	(0.81)	\$ 0.74	
1999	0.63	(0.81)	(5.31)	(0.09)	(0.09)
2000	0.53	(5.31)	(1.50)	(2.39)	(2.39)
YTD	0.40	(1.50)	(2.50)	(0.55)	(0.55)
LYTD	0.27	(2.50)	(4.31)	(1.12)	(1.12)
LTM	0.66	(4.31)	(4.31)	(1.83)	(1.83)

8/22/2001

5

INSTITUTIONAL PHARMACY COMPANY COMPARABLES
\$ in 000s, except per share amounts

	<u>Institutional Pharmacy</u>		<u>Average</u>
	<u>Omnicare</u>	<u>Healthcare</u>	
	<u>OCR</u>	<u>NCS</u>	
Most Recent Fiscal Year	Dec-00	Jun-00	
Most Recent Quarter	Jun-01	Mar-01	
Months Ended	6	9	

EBITDA:

1998	\$ 222,825	\$ 51,406	\$ 137,116
1999	241,008	72,771	156,890
2000	231,859	39,482	135,671
YTD	128,735	21,321	75,028
LYTD	115,059	35,248	75,154
LTM	245,535	75,555	135,545

EBITDA:

1998	\$ 222,825	\$ 51,406	\$ 137,116
1999	241,008	72,771	156,890
2000	231,859	39,482	135,671
YTD	128,735	21,321	75,028
LYTD	115,059	35,248	75,154
LTM	245,535	75,555	135,545

EBIT:

1998	\$ 175,189	\$ 34,952	\$ 105,071
1999	171,644	49,259	110,452
2000	157,886	10,804	84,345
YTD	92,321	2,579	47,500
LYTD	76,219	14,468	45,344
LTM	173,988	(985)	86,502

EBITDA-OpEx:

1998	\$ 169,646	\$ 27,387	\$ 98,517
1999	182,259	43,371	112,815
2000	199,436	32,866	116,151
YTD	117,333	18,511	67,932
LYTD	98,835	30,385	64,610
LTM	217,934	21,012	119,473

Capital Expenditures:

1998	\$ (53,179)	\$ (24,019)	\$ (38,599)
1999	(58,749)	(29,400)	(44,075)
2000	(32,423)	(6,616)	(19,520)
YTD	(11,402)	(2,790)	(7,096)
LYTD	(16,224)	(4,263)	(10,544)
LTM	(27,601)	(4,543)	(16,072)

8/22/2001

INSTITUTIONAL PHARMACY COMPANY COMPARABLES
\$ in 000s, except per share amounts

\$ in 000s, except per share amounts

	Institutional Pharmacy			
	Omnicare	Healthcare		Average
		OCSS	NCSS	
Most Recent Fiscal Year				
Most Recent Quarter	Dec-00	Jan-00		
Month Ended	Jun-01	Mar-01		
	6	9		
Cash & Investments				
1999	\$ 97,267	\$ 29,424	\$	\$ 63,346
2000	111,607	16,387		63,997
YTD	117,703	42,162		79,933
Minimum Cash				
Excess Cash & Investments				
1999	\$ (97,267)	\$ (29,424)	\$	\$ (63,346)
2000	(111,607)	(16,387)		(63,997)
YTD	(117,703)	(42,162)		(79,933)
Accounts Receivable				
1999	\$ 422,283	\$ 160,168	\$	\$ 291,226
2000	440,785	120,849		280,817
YTD	441,196	103,310		272,253
Inventories				
1999	\$ 120,280	\$ 49,244	\$	\$ 84,762
2000	129,404	37,086		83,245
YTD	134,296	28,657		81,477
Intangible Assets & L-T Investments				
1999	\$ 1,108,941	\$ 555,150	\$	\$ 772,046
2000	1,168,151	321,855		745,003
YTD	1,146,171	312,277		729,224
Total Assets				
1999	\$ 2,167,973	\$ 699,499	\$	\$ 1,413,736
2000	2,210,218	546,663		1,378,441
YTD	2,219,560	530,423		1,374,992
Current Liabilities, S/T Debt				
1999	\$ 77,413	\$ 3,480	\$	\$ 40,447
2000	436,619	206,781		321,708
YTD	333	308,246		134,290

W222001

INSTITUTIONAL PHARMACY COMPANY COMPARABLES

\$ in 000s, except per share amounts

	Institutional Pharmacy				Average
	Omnicare		NCS		
	QCR	Healthcare	NCS		
Most Recent Fiscal Year	Dec-00	Jun-00	Jun-00		
Most Recent Quarter	Jun-01	Mar-01	Mar-01		
Months Ended	6	9	9		
Total Current Liabilities					
1999	\$ 322,243	\$ 87,838	\$ 205,041		
2000	692,009	273,509	482,759		
YTD	223,413	394,276	308,845		
Long-Term Debt					
1999	\$ 736,944	\$ 316,636	\$ 526,790		
2000	345,706	103,291	224,499		
YTD	770,705	1,126	385,916		
Total Equity					
1999	\$ 1,028,380	\$ 276,434	\$ 652,407		
2000	1,068,423	169,705	619,064		
YTD	1,109,034	134,883	621,959		
Capital:					
1999	\$ 636,935	\$ 230,567	\$ 431,751		
2000	675,070	141,693	406,382		
YTD	732,606	89,954	411,280		
Growth:					
- Total Revenues:					
YTD versus LYTD		-11.7%	-1.7%		-1.7%
2000 versus 1999	8.2%	-3.2%	1.3%		1.3%
1999 versus 1998	22.7%	41.0%	31.9%		31.9%
- EBITDA:					
YTD versus LYTD		-39.5%	-13.8%		-13.8%
2000 versus 1999	11.9%	-45.7%	-24.8%		-24.8%
1999 versus 1998	-3.8%	41.6%	24.9%		24.9%

6/22/2001

Ex. 3

3

FROE RICHARDS, LAYTON, & FINGER

(THU) 9.13'01 21:13/ST. 21:10/NO. 4863821365 P 6

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re	X	
	:	Chapter 11 Case No.
GENESIS HEALTH VENTURES, INC., <i>et al.</i> ,	:	00-2692 (JHW)
	:	
Debtors.	:	(Jointly Administered)
	:	
In re	X	
	:	Chapter 11 Case No.
MULTICARE AMC, INC., <i>et al.</i> ,	:	00-2494 (JHW)
	:	
Debtors.	:	(Jointly Administered)
	:	
	X	

**AMENDMENTS TO DEBTORS' JOINT PLAN OF REORGANIZATION
TO COMPLY WITH OPINION ON CONFIRMATION**

Genesis Health Ventures, Inc. ("Genesis"), The Multicare Companies, Inc. ("Multicare"), and the other above-captioned debtors and debtors in possession (collectively with Genesis and Multicare, the "Debtors"), hereby file these Amendments to the Debtors' Joint Plan of Reorganization, dated July 6, 2001 (the "Plan"),¹ to Comply with the Court's Opinion on Confirmation.

1. Section 5.10 of the Plan (Release of Representatives) is amended by replacing the entire paragraph with the following paragraphs:

(a) As of the Effective Date, the respective officers, directors, employees, financial advisors, professionals, accountants, and attorneys of the Genesis Debtors, the Multicare Debtors, and the respective statutory committees of unsecured creditors appointed pursuant to section 1102

¹ Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed thereto in the Plan.

NYZAI078914021N41P4021.DOC\S0503.0003
RLP1-2339679-1 9/13/01 5:08 PM

Received Time Sep.13. 9:35PM

54

9/13/01

FROM RICHARDS, LAYTON, & FINGER

(THU) 9.13'01 21:14/ST. 21:10/NO. 4863821365 P 8

3. Except as expressly amended hereby, all other provisions of the Plan, as modified by the Technical Amendments to the Plan, dated August 27, 2001, shall remain unaffected and in full force and effect.

Dated: September 13, 2001
Wilmington, Delaware

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
(212) 310-8000
Michael F. Walsh
Gary T. Holtzer

WILLKIE FARR & GALLAGHER
787 Seventh Avenue
New York, New York 10019-6099
(212) 728-8000
Marc Abrams
Paul V. Shalhoub

-and-

-and-

RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
P.O. Box 551
Wilmington, Delaware 19899
(302) 658-6541

YOUNG CONAWAY STARGATT &
TAYLOR
11th Floor, Wilmington Trust Company
P.O. Box 391
Wilmington, Delaware 19899-0391
(302) 571-6600

By: *Mark D. Collins*
Mark D. Collins (No. 2981)

By: *Robert S. Brady*
Robert S. Brady (No. 2847)

ATTORNEYS FOR THE GENESIS
DEBTORS AND DEBTORS IN
POSSESSION

ATTORNEYS FOR THE MULTICARE
DEBTORS AND DEBTORS IN
POSSESSION

NY2M078914021N4H5402LDOCS0505.0003
KLF1-2159679-1 9/13/01 5:08 PM

Received Time Sep.13. 9:35PM

FROM RICHARDS, LAYTON, & FINGER

(THU) 9.13'01 21:11/ST. 21:10/NO. 4863821365 P 2

FAX TRANSMITTAL SHEET**RICHARDS, LAYTON & FINGER**

One Rodney Square
P.O. Box 551
Wilmington, Delaware 19899
(302) 651-7700
Fax (302) 651-7701
Fax Confirmation (302) 651-7798

CONFIDENTIALITY NOTE: The information contained in this facsimile message is attorney privileged and confidential information intended only for the use of the individual or entity named below. If the reader of this message is not the intended recipient, you are hereby notified that any unauthorized dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone and return the original message to us at the address above via the United States Postal Service. Thank you.

Date: September 13, 2001From: Ann Jerominski, RP for Monica MolitorNumber of Pages (including cover): 8Client Matter #: 128095

Re: Genesis Health Ventures, Inc., et al. & Multicare AMC, Inc., et al.
Amendments to Debtors' Joint Plan of Reorganization to Comply with Opinion on Confirmation

	TO	FROM	PHONE	FAX
1.	The Honorable Judith H. Wizmur	United States Bankruptcy Court for the District of New Jersey	856-757-5126	856-757-5052
2.	Joseph McMahon	Office of the U.S. Trustee	302-573-6491	302-573-6497
3.	Laurie Silverstein	Potter Anderson	302-984-6000	302-658-1192
4.	William P. Bowden	Ashby & Geddes	302-654-1888	302-654-2067
5.	James Wankmiller George Haeger B.J. Hauswald	Genesis Health Ventures	610-444-6350	610-925-4242
6.	Teresa K.D. Currier	Klett Rooney	302-552-4200	302-552-4295
7.	Lisa Beckerman	Akin, Gump	212-872-1000	212-872-1002

RLF1-2359734-1

Received Time Sep.13. 9:35PM

FROM RICHARDS, LAYTON, & FINGER

(THU) 9.13'01 21:12/ST. 21:10/NO. 4863821365 P 4

	NAME	FIRM	PHONE	FAX
25.	Connor Bifferato	Bifferato Bifferato	302-429-1900	302-429-8600
26.	Marla Rosoff Eskin	Jacobs & Crumplar	302-656-5445	302-656-5875
27.	Carl Kunz	Murphy Spadaro	302-654-4600	302-654-4775
28.	David A. White	Welch & White	302-622-8900	302-622-9046
29.	Doreen Becker	Holfeld & Becker	302-654-3535	302-654-6191
30.	Jeffrey Schlerf Elio Battista	Counsel for GMS	302-429-4225	302-658-6395
31.	Jeffrey Wisler	Counsel for Citicorp Vendor	302-658-9141	302-658-0380
32.	Michael DeBaecke	Blank Rome	302-425-6412	302-425-6464
33.	Jeh Johnson	Paul Weiss & Rifkind	212-373-3000	212-757-3990
34.	Charles M. Oberly	Counsel for Tort Claimants	302-576-2000	302-576-2004
35.	Susan Morrison	Counsel for Tort Claimants	813-873-0026	813-286-8820
36.	Kenneth Goodkind E. Richard Dressel	Counsel for Cherry Hill Convalescent Center	856-661-1900	856-661-1919
37.	David Finger	Counsel for Greystone	302-884-6766	302-573-2507
38.	David Musgrave	Counsel for Greystone	410-580-4222	410-580-3785
39.	Erik Kimball	Counsel for SunTrust	407-426-7595	407-426-8022
40.	Richard S. Miller Thomas J. Weber	Counsel for THCI	212-801-9200	212-801-6400
41.	Selinda Melnik David Jenkins	Counsel for Charles Grimes	302-652-8400	302-652-8405
42.	Harry M. Rifkin	National Bank of Cambridge	410-938-8800	410-321-7044
43.	Steven T. Davis Edmond George	Counsel for AGE entities	215-665-3000	215-665-3165

RLP1-2359734-1

Received Time Sep.13. 9:35PM

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 21 day of June, 2004, he caused a true and correct copy of the foregoing Plaintiffs' Memorandum in Opposition to Defendants' Motions to Dismiss to be served upon the following counsel by U.S. First Class Mail.

Steven K. Kortanek, Esq.
Klehr Harrison Harvey Branzburg & Ellers
919 Market Street, Suite 1000
Wilmington, DE 19801

Barry Sher, Esq.
Fried Frank Harris Shriver & Jacobson LLP
One New York Plaza
New York, N.Y. 10004-1980

Counsel for Defendant Goldman Sachs & Co.

Peter James Duhig, Esq.
Klett Rooney Lieber & Schorling
The Brandywine Building
1000 West Street, Suite 1410
P.O. Box 1397
Wilmington, DE 19899

Richard S. Toder, Esq.
Morgan Lewis & Bockius LLP
101 Park Avenue
New York, N.Y. 10178

Steven Russo, Esq.
Sivc, Paget & Riesel, P.C.
460 Park Avenue
New York, N.Y. 10022

Counsel for Defendant Mellon Bank NA

Russell C. Silberghied
Richards, Layton & Finger, P.A.
P.O. Box 551
Wilmington, DE 19899

Michael Walsh, Esq.
Weil, Gotshal & Manges
767 Fifth Avenue
New York, N.Y. 10153

Counsel for Defendant Neighborcare, Inc.
(sued herein as Genesis Health Ventures, Inc.)

Daniel K. Hogan, Esq.
1701 Shallcross Avenue, Suite C
Wilmington, DE 19806

Paul Lackey, Esq.
Lackey, Hershman LLP
3102 Oak Lawn Ave., Suite 700
Dallas, Texas 75219

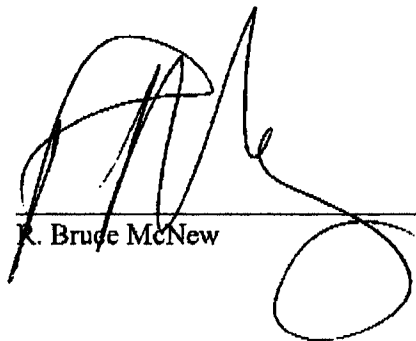
Counsel for Defendant Highland Capital Management, L.P.

Robert S. Brady, Esq.
Young Conaway Stargatt & Taylor, LLP
1000 West Street, 17th Floor
Wilmington, DE 19899-0391

Paul V. Shalhoub, Esq.
Willkie Farr & Gallagher LLP
787 7th Avenue
New York, N.Y. 10019-6099

Counsel for Defendant George V. Hager

Joseph J. McMahon, Jr.
Office of U.S. Trustee
844 King Street, Suite 2313
Lockbox 35
Wilmington, DE 19801-3519



R. Bruce McNew

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X		
In re:	:	Civ. Act. No. 04-CV-157 (SLR)
	:	Related to
GENESIS HEALTH VENTURES, INC.,	:	Case No. 00-2692 (JHW)
et al.,	:	(Jointly Administered)
Debtors,	:	
	:	
-----X		
-----X		
RICHARD HASKELL, et al.,	:	
	:	
Plaintiffs,	:	
v.	:	Adv. Pro. No. 04-53375 (JHW)
	:	
GOLDMAN, SACHS & CO., et al.,	:	
	:	
Defendants.	:	
	:	
-----X		

**MELLON BANK, N.A.'S SUPPLEMENTAL
MEMORANDUM IN SUPPORT OF MOTION TO DISMISS**

TO THE HONORABLE JUDITH H. WIZMUR:

Defendant Mellon Bank, N.A. (“Mellon”) submits this supplemental memorandum in support of Defendants’ Joint Motion to Dismiss Plaintiffs’ Complaint (the “Joint Motion”), specifically with respect to dismissal of the Complaint in its entirety as against Mellon.

PRELIMINARY STATEMENT

This action is a blatant, renewed attempt by Plaintiffs, former subordinated debenture holders of Genesis Health Ventures, Inc. (“Genesis”), to reorder the priorities

among creditors and effectively revoke the confirmed Plan¹ years after its effective date. Having had a full and fair opportunity to contest the Plan on numerous occasions, Plaintiffs now seek to take one more bite out of the proverbial apple and evade the necessary finality of the Confirmation Order and the provisions and intent of § 1144 of the Bankruptcy Code, by cloaking this new challenge in the guise of tort claims, aimed at the very same core of facts underlying the valuation of Genesis which they previously challenged.

As set forth in the Joint Motion and Defendants' joint reply memorandum in further support thereof (the "Reply"), Plaintiffs' Complaint must be dismissed on numerous grounds including, among others, § 1144, res judicata, collateral estoppel, the finality of the Plan and Confirmation Order and the Court's inherent authority to enjoin a collateral attack on its orders and proceedings, and the failure to state a claim upon which relief may be granted. In particular, Plaintiffs' glaring failure to address the holding in In re Public Service Co. of New Hampshire, 43 F.3d 763 (1st Cir. 1995), is telling. As the Court of Appeals there held in strikingly similar circumstances:

[T]his case can be disposed of based on a single, relatively narrow circumstance: the attacks now made ... were in part made in the reorganization proceeding itself; and, to the extent that they were not made there, they could and (if meritorious) should have been made there.

* * *

[W]e think it evident that allowing such an attack would disrupt Congress' detailed scheme for approval of ... reorganizations, and would frustrate the proper administration of the Bankruptcy Code.

¹ Capitalized or abbreviated terms not otherwise defined herein shall have the meanings ascribed to them in the Joint Motion.

Id. at 767-8. In determining that “the courts have authority to fashion appropriate limitations on [such] collateral attacks,” Id. at 767 n.2, the Court further stated:

In acting to protect its prior proceedings, the bankruptcy court acts in an equitable capacity. Later suits that threaten to undermine a bankruptcy judgment are not merely the concern of the individual litigants; the willingness of future claimants and creditors to compromise in chapter 11 proceedings depends on giving the reorganization court’s approval a due measure of finality. And in determining how much finality is due, equitable considerations and policy concerns can properly justify results that are not literally compelled by statutory language.

Id. at 768. These precise factors apply here and mandate that the Court exercise its inherent authority to dismiss Plaintiffs’ collateral attack on the Plan.

This supplemental memorandum, however, will not repeat the points that are fully detailed in the Defendants’ Joint Motion and Reply. Instead, this memorandum will focus on the manifest lack of merit of the three claims asserted by Plaintiffs as against Mellon specifically, as follows:

- Plaintiffs’ fraud claim utterly fails to satisfy the specificity requirement of Fed. R. Civ. P. 9(b) in alleging no specific actionable conduct by any identified Mellon officer or employee.
- Plaintiffs’ fraud claim also fails to adequately allege scienter on the part of Mellon, which demonstrably had no motive to commit any of the alleged misconduct.
- The conspiracy to commit fraud claim similarly fails because of, among other grounds, a lack of specificity.
- Mellon clearly owed no duty to Plaintiffs, and thus, the gross negligence claim is legally insufficient.

Plaintiffs’ transparent attempt to add another “deep pocket” by essentially relying solely on Mellon’s position as administrative agent for the Senior Lenders cannot support

any of their claims. Each of the three claims asserted by Plaintiffs against Mellon fails to state a claim upon which relief may be granted and must be dismissed.

RELEVANT FACTS

Prior to the filing of Genesis' bankruptcy petition, Genesis, Mellon, as administrative agent, and certain lenders entered into that certain Fourth Amended and Restated Credit Agreement dated as of August 20, 1999, as amended (the "Prepetition Credit Agreement"). At confirmation of Genesis' Plan, in excess of \$1.3 billion was due and outstanding under the Prepetition Credit Agreement. In addition, during Genesis' bankruptcy case, Genesis, Mellon, as administrative agent, and certain lenders entered into that certain Credit and Guaranty Agreement dated as of June 22, 2000, as amended (the "DIP Agreement"), whereby Genesis was provided with debtor-in-possession financing up to a maximum amount of \$250,000,000. Thus, Mellon acted as administrative agent under Genesis' prepetition and post-petition loan agreements.

It is undisputed that prior to the Confirmation Hearing on Genesis' Plan, Mellon had sold and assigned its entire claim against Genesis under the Prepetition Credit Agreement at a discount. Consequently, Mellon received no equity of the reorganized company upon the effectiveness of the Plan, although it continued to act as the administrative agent for the Senior Lenders through the confirmation proceedings and the consummation of the Plan.

Further, contrary to Plaintiffs' contention (Plaintiffs' Memorandum in Opposition to Motion to Dismiss (the "Opposition Memo") at 4), their assertion of claims against Mellon does affect the interests of all the Senior Lenders, not merely those named as

defendants herein. Under the Prepetition Credit Agreement, Mellon is expressly entitled to indemnification for all such claims from the Senior Lenders unless and until a final judgment is entered finding that the alleged damages “were the result solely of the gross negligence or willful misconduct” of Mellon. See Prepetition Credit Agreement § 12.12 (emphasis added), the relevant excerpt of which is annexed hereto as Exhibit A.² The DIP Agreement also provides for Mellon’s indemnification by the Senior Lenders thereunder. See DIP Agreement § 8.06, the relevant excerpt of which is annexed hereto as Exhibit B. Similarly, Mellon is entitled to indemnification from Genesis for such claims unless and until a final judgment is entered determining that the alleged damages “resulted from the gross negligence or willful misconduct” of Mellon. See Exhibit B, § 10.06. This indemnification obligation survived confirmation of the Plan pursuant to the Court’s Final Order dated July 18, 2000, approving the DIP Agreement (the “Final DIP Order”). See Final DIP Order ¶ 24, the relevant excerpt of which is annexed hereto as Exhibit C. The Court expressly recognized this indemnification obligation in its Opinion on Confirmation. See In re Genesis Health Ventures, Inc., 266 B.R. 591, 604 n.13 (Bankr. D. Del. 2001), appeal dismissed, 280 B.R. 339 (D. Del. 2002).

Although not relevant for purposes of this motion, Plaintiffs’ assertion that Mellon received no release under the Plan (Opposition Memo at 3) is equally erroneous. The amendment to Section 10.06 of the Plan deleted the reference to all Senior Lenders but expressly retained the reference to “Mellon Bank, N.A., as administrative agent

² Section 12.12 of the Prepetition Credit Agreement was expressly referenced in the Response of Mellon Bank, N.A. As Agent, To the Objection of the GMS Group LLC and Charles L. Grimes to Confirmation of the Debtors’ Joint Plan of Reorganization, dated August 24, 2001. Accordingly, the Court may take judicial notice thereof. See, e.g., In re Indian Palms Assocs., 61 F.3d 197, 205-06 (3d Cir. 1995); Baldwin v. Local 343, Int’l Bhd. of Teamsters, 562 F. Supp. 36, 38 (D.N.J. 1982); 3 Weinstein’s Federal Evidence, § 201.12[3] (2d Ed. 2004).

under” the Genesis and Multicare loan agreements. See Opposition Memo, Exhibit 3. In fact, in its Opinion on Confirmation, the Court, while directing the elimination of the release for other Senior Lenders, clearly recognized the propriety of and approved the release for Mellon. 266 B.R. at 608-09.

THE COMPLAINT

The Complaint asserts three causes of action against each of the Defendants, including Mellon: fraud, conspiracy to commit fraud and gross negligence. However, with respect to Mellon specifically, the Complaint is utterly devoid of any specificity whatsoever. Indeed, in the 86-page Complaint there is but one fleeting reference and in Plaintiffs’ 77-page Opposition Memo there is absolutely no reference to any identified Mellon officer or employee, much less any specific misconduct by such officer or employee.

Plaintiffs’ sole reference to a Mellon officer merely alleges that Sherman White, a former Mellon officer, “suggested” Beverly Anderson’s name for the position of independent restructuring officer. See Complaint ¶ 74. As set forth below, this minimal reference is both irrelevant and insufficient to support any claim against Mellon.

ARGUMENT

I. PLAINTIFFS’ FRAUD CLAIM FAILS TO SATISFY THE RULE 9(b) SPECIFICITY REQUIREMENT

A. Plaintiffs Failed to Allege Any Specific Misconduct By Any Identified Mellon Officer.

Fed. R. Civ. P. 9(b) provides that “[i]n all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity.” To

establish a fraud claim pursuant to Rule 9(b), Plaintiffs must establish with specificity and precision the “who, what, when, where, and how” of their fraud allegations; vague or conclusory allegations are not sufficient to meet Rule 9(b)’s requirements of specificity in pleading. See, e.g., Liafail, Inc. v. Learning 2000, Inc., No. C.A. 01-599 GMS, No. C.A. 01-678 GMS, 2002 WL 31667861, at *4 (D. Del. Nov. 25, 2002); see also Grant v. Kingswood Apts., No. Civ. A. 01-1523, 2001 WL 1178796, at *1-2 (E.D. Pa. Oct. 2, 2001); York Linings v. Roach, No. Civ. A. 19849, 1999 WL 608850, at *2 (Del. Ch. July 28, 1999) (the circumstances that must be stated with particularity include “the identity of the person making the misrepresentation and what he obtained thereby”).

There is not a single allegation of a specific fraudulent act or statement by any Mellon officer or employee in either the Complaint or the Opposition Memo. The sole allegation in the Complaint, to the effect that Sherman White, a former officer of Mellon, “suggested” Beverly Anderson for the position of independent restructuring officer for Genesis (Complaint ¶ 74), can hardly form the basis of a fraud claim, much less satisfy the specificity requirement of 9(b).

Indeed, the purported issue of Beverly Anderson’s independence is a patent red herring. The only possible relevance is to the question of the fairness of the management and related contracts that existed between Genesis and Multicare. However, the ultimate compromise that modified the pricing of such contracts -- a direct result of the adversarial process between the polar-opposite interests separately championed by the Genesis Creditors Committee and Multicare Creditors Committee -- best demonstrates the fairness of the process. Moreover, Plaintiffs had a full and fair opportunity at discovery and to be heard. The independence of Beverly Anderson was expressly and fully raised in the Multicare Creditors Committee’s motion for appointment of a trustee that was filed

months before confirmation of the Plan.³ See Appendix to Joint Motion, Exhibit AA.

In failing to otherwise identify any Mellon officer in the Complaint or the Opposition Memo, much less any actionable conduct by such officer, Plaintiffs clearly cannot satisfy the specificity mandated under Rule 9(b).

B. Plaintiffs' "Group Pleading" Does Not Suffice Under Rule 9(b).

In alleging their fraud claim against Mellon, Plaintiffs lump Mellon together with the other Defendants, relying on its status as administrative agent for the Senior Lenders to somehow establish that it acted as a co-conspirator in a fraudulent scheme to effect a greater equity distribution under the Plan -- a distribution in which it did not share. In addition to the palpable lack of logic to this allegation, and contrary to Plaintiffs' contention that they need not identify specific names and acts of a Mellon officer (see Opposition Memo at 70), without such specificity, the claim is legally insufficient.

Generally pled allegations of fraud against a group of defendants do not suffice. Rule 9(b) requires that fraud be pled with specificity and particularity as to each defendant, thereby permitting each defendant to be on notice of the charges against it. See, e.g., Naporano Iron & Metal Co. v. Am. Crane Corp., 79 F. Supp. 2d 494, 511

(D.N.J. 1999) ("A plaintiff must plead fraud with particularity with respect to each defendant, thereby informing each defendant of the nature of its alleged participation in the fraud."); De Lage Landen Fin. Servs., Inc. v. Cardservice Int'l, Inc., No. Civ. A. 00-2355, 2001 WL 799870, at *3 (E.D. Pa. July 12, 2001); see also Mills v. Polar Molecular

³ Plaintiffs were well aware of this motion and the alleged Beverly Anderson "independence" issue. GMS was a member of the Genesis Creditors Committee. See Joint Motion at 26. It is not surprising that the Multicare Creditors Committee alleged that Ms. Anderson's loyalty favored Genesis, while Plaintiffs now allege that her loyalties lay with Multicare. In any event, Plaintiffs cannot offer this issue as a "newly discovered" fact.

Corp., 12 F.3d 1170, 1175 (2d Cir. 1993) (complaint insufficient where it failed to link alleged fraudulent statements to particular directors).

Each of the cases cited by Plaintiffs is inapposite. First, Bernstein v. Kelso & Co., 231 A.D.2d 314, 320 (N.Y. App. Div. 1997), is a fraud case applying New York law, not federal law.⁴ In addition, Bernstein involved an alleged fraud that was “peculiarly within the knowledge” of a group of management defendants. Id. at 320-1. Similarly, in Airline Reporting Corp. v. Belfon, No. Civ. 2003-146, 2004 WL 903800, at *3-4 (D. V.I. April 24, 2004), the three employee defendants were controlling persons of a small corporation and were the only ones who “would know who participated in the alleged fraud.” In contrast, at no time did Mellon serve as management for Genesis, which operated as a debtor-in-possession under §§ 1107 and 1108 of the Bankruptcy Code.

MBIA Ins. Corp. v. Royal Indem. Co., 221 F.R.D. 419, 422 (D. Del. 2004), is similarly inapposite. There, the defendants were small “closely related entities” and with a “shared controlling officer.” Id. Therefore, relaxation of Rule 9(b)’s particularity standard was justified because:

‘[i]n the case of a small corporation, where the boundaries between the corporate entity and the individual director are often permeable, it cannot be said as a general rule that allegations sufficiently directed against the corporate entity, fail to detail, for purposes of Rule 9(b),’ the actions of closely related entities and their shared controlling officer. Id. (internal quotations omitted).

In Duggan v. Terzakis, 275 F. Supp. 2d 968, 973 (N.D. Ill. 2003), each of the defendants was put on notice although “lumped together,” because of the “substantial overlapping

⁴ Moreover, the lower court erroneously decided factual issues in granting the motion to dismiss. Id. at 321.